

**Evaluation of the
Business
Improvement
Training
Programme
(October 2005 –
March 2010)**

**Public Sector
Consulting**

**Final
Report**

January 2011

Division
<Type Here>

<Month & Year>

Presented to



Prepared on Behalf of



Table of Contents

1	INTRODUCTION AND TERMS OF REFERENCE	4
1.1	INTRODUCTION	4
1.2	TERMS OF REFERENCE FOR THE EVALUATION	4
1.3	METHODOLOGY	6
1.4	FORMAT OF THE REPORT	6
1.5	ACKNOWLEDGEMENTS	7
2	POLICY CONTEXT	8
2.1	POLICY CONTEXT	8
2.2	MARKET FAILURE AND THE RATIONALE FOR GOVERNMENT SUPPORT	32
3	PROGRAMME DETAILS	40
3.1	BACKGROUND	40
3.2	AIMS AND OBJECTIVES	40
3.3	TRAINING ACTIVITIES SUPPORTED AND ELIGIBLE COSTS	40
3.4	TARGET BUSINESSES AND PROJECTS	42
3.5	FUNDING	43
3.6	PROJECT APPRAISALS	44
3.7	CHANGES IN EMPHASIS FROM CDP TO BITP	45
3.8	PERFORMANCE AND IMPACT OF BITP	45
3.9	FIT WITH OTHER INVEST NI AND PUBLIC SECTOR INTERVENTIONS	49
3.10	STRUCTURE AND RESOURCES IN DELIVERY	55
4	REVIEW OF PERFORMANCE & IMPACTS	56
4.1	INFORMATION ON INVEST NI DATABASE	56
4.2	DESK REVIEW OF BITP STATISTICS	57
4.3	PERFORMANCE AGAINST OBJECTIVES AND TARGETS	73
4.4	RETURN ON INVESTMENT CALCULATIONS	76
4.5	SUMMARY	78
5	SURVEY AND CONSULTATION FINDINGS	80
5.1	INTRODUCTION	80
5.2	SURVEY TO APPLICANTS	80
5.3	CONSULTATION FINDINGS	91
5.4	SUMMARY	94
6	REVIEW OF PROCESSES & OPERATIONAL ISSUES	96
6.1	INTRODUCTION	96
6.2	APPRAISAL PROCESS AND ASSESSMENT CRITERIA	96
6.3	CASEPAPERS	99
6.4	LETTERS OF OFFER	101
6.5	APPLICATION PROCESSING TARGETS AND PERFORMANCE	101
6.6	CLAIMS AND MONITORING REQUIREMENTS	102
6.7	SUMMARY	104

7	ASSESSMENT OF IMPACTS	106
7.1	INTRODUCTION.....	106
7.2	IMPACTS GENERATED	106
7.3	SURVEY RESULTS ON IMPACTS.....	111
7.4	SUMMARY	112
8	REVIEW OF EQUALITY ISSUES.....	114
8.1	INTRODUCTION.....	114
8.2	SECTION 75 OF THE NORTHERN IRELAND ACT (1998)	114
8.3	DISABILITY DISCRIMINATION ACT (1995).....	114
8.4	ENSURING EQUALITY OF OPPORTUNITY	115
8.5	SECTION 75: SCREENING	115
8.6	SUMMARY EQUALITY SCREENING ASSESSMENT AND REVIEW OF EQUALITY OF OPPORTUNITY AND DDA COMPLIANCE	116
9	BENCHMARKING	118
9.1	INTRODUCTION.....	118
9.2	WALES.....	118
9.3	SCOTLAND.....	118
9.4	REVIEW OF RDA INTERVENTIONS.....	122
10	CONCLUSIONS AND RECOMMENDATIONS	124
10.1	INTRODUCTION.....	124
10.2	CONCLUSIONS.....	124
10.3	PERFORMANCE AND IMPACT OF BITP	127
10.4	RECOMMENDATIONS	135
	APPENDIX 1: SURVEY RESULTS – SUCCESSFUL APPLICANTS	141
	APPENDIX 2: SURVEY RESULTS – UNSUCCESSFUL APPLICANTS.....	142
	APPENDIX 3: ERDF CRITERIA AND DEVELOPMENT PATH ANALYSIS	143
	APPENDIX 4: BITP CASEWORK AND LETTER OF OFFER TEMPLATE	144
	APPENDIX 5: RETURN ON INVESTMENT CALCULATOR.....	145
	APPENDIX 6: ANNUAL PROJECT MONITORING FORM.....	146
	APPENDIX 7: PPE TEMPLATE	147
	APPENDIX 8: GVA CALCULATION METHODS.....	148
	APPENDIX 9: KEY ISSUES REFERENCE CALCULATING ROI FIGURES	149

1 INTRODUCTION AND TERMS OF REFERENCE

1.1 Introduction

In June 2010, FGS McClure Watters was commissioned by the Department of Enterprise Trade & Investment (DETI) and Invest Northern Ireland (Invest NI) to carry out an evaluation of the Business Improvement Training Programme (BITP) from October 2005 to 31 March 2010.

In this section we set out the terms of reference for the engagement and outline our approach and methodology to undertake this evaluation.

1.2 Terms of Reference for the Evaluation

The Terms of Reference for the evaluation were released in May 2010 and included the following key objectives:

Strategic Context

- review the original rationale for intervention; state whether market failure still exists and conclude on the nature and extent of any market failure that the intervention is seeking to correct; and
- review the strategic fit of the intervention in line with the objectives of the Invest NI Corporate Plan and DETI Corporate Plan and examine the fit with other Invest NI interventions and other public sector interventions aimed at improving skills within the NI workforce. Identify any changes to the strategic context under which the interventions have been delivered during the evaluation period.

Performance and Impact

- review the performance of the intervention against the original objectives and targets, and if appropriate, identify reasons for any divergence;
- assess if the form of support is the best way to address the objectives of the programme
- assess the levels of financial assistance offered and whether the form of support offered is the best way to address the objectives of the programme;
- benchmark the performance of BITP against a selection of regional workplace skills development schemes and against other skills support programmes within and outside Northern Ireland;
- assess the performance of BITP in promoting business improvements to SMEs and large enterprises operating in manufacturing and tradable services sectors in NI;
- assess the impact of the intervention in the area of wealth creation, company growth and survival;

assess the extent to which BITP has contributed (April 2008-Present) or has the potential to contribute, to achieving the relevant targets included in the Programme for Government and securing improvements in manufacturing and private services productivity (PSA1) and increasing employment (PSA3), particularly within the context of the economic recession during this period;

- review alignment with PSA 2 Skill for prosperity and DELs support programmes for skills development;

- assess the economic impact of the intervention, identifying the costs and benefits of this support (both quantitative and qualitative) and assessing the wider and regional economic benefits; and
- assess the level of additionality and displacement, and taking account of all the available evidence from the evaluation provide an assessment of value for money; quantifying this where possible.

This will require a client survey which will provide clients with an opportunity to provide feedback on the service received through the programme; including, the aspects they consider of value; whether the programme is meeting their needs; and what improvements should be considered for future delivery. Client contact details will be made available to the successful consultant.

Processes and Operational Issues

- assess the effectiveness of BITP operational processes as defined in BITP Operating Guidelines and ability to simplify or improve the processes;
- assess the consistency and quality of case submissions; and
- assess whether business cases are adequately reviewed and challenged.

Conclusions and Recommendations

- Conclude on all key objectives of the evaluation;
- Consider any significant market changes in the period covered by the evaluation;
- Make recommendations on the future of the Business Improvement Training Programme (BITP); and
- Identify any areas of improvement for future similar programmes based on issues and successes noted in the evaluation.

1.2.1 Equality Considerations

In addition to addressing the evaluation objectives, the Terms of Reference also specify Invest NI's requirements for the evaluation with regard to equality. This reflects Invest NI's commitment to achieving a successful economy in Northern Ireland which will provide equal opportunities for all.

To this end, Section 75 of the Northern Ireland Act 1998 sets out a number of obligations relating to the nine 'Section 75' categories as follows: religious belief, political opinion, racial group, gender, marital status, age, persons with disability, persons with dependents, sexual orientation. Invest NI as a recognised public authority has an obligation under Section 75 as detailed in its Equality Scheme which can be accessed on Invest NI's website www.investni.com/equality

The evaluation will therefore consider relevant equality aspects relating to the nine Section 75 categories by considering available data, identifying any adverse impacts that may be present and proposing alternative measures /policies which might better achieve the promotion of equality of opportunity.

The evaluation will also consider the accessibility of the programmes for all, in line with the Disability Discrimination Act 1995.

Source Terms of Reference (May 2010)

1.3 Methodology

The methodology used to undertake this Evaluation was agreed with the Project Steering Group at the Project Initiation Meeting on the 7th of March 2010 and set out in the Project Initiation Document. It involved six key work stages, which were as follows:

- **Stage 1 – Project Planning and Initiation:** This stage involved agreeing the detailed work programme, the desk research, selecting appropriate consultees and setting the timescales for completion of the evaluation.
- **Stage 2 – Desk Research & Strategic Context:** This stage involved reviewing strategy and policy documents in order to describe the strategic context for the initiative.
- **Stage 3 – Consultation:** This stage involved a survey to successful and unsuccessful applicants and a consultation exercise with key stakeholders.
- **Stage 4 – Benchmarking:** Comparison with similar programmes in Scotland and Wales.
- **Stage 5 – Analysis:** Consideration of findings at the previous stages and identification of key issues and findings.
- **Stage 6 – Presentation & Reporting.**

1.4 Format of the Report

The remainder of this report is structured as follows:

Section 2: Policy Context

Section 3: Programme Details

Section 4: Review of Performance and Impacts

Section 5: Survey and Consultation Findings

Section 6: Review of Processes and Operational Issues

Section 7: Assessment of Impacts

Section 8: Review of Equality issues

Section 9: Benchmarking

Section 10: Conclusions and Recommendations

Appendices:

Appendix 1: Survey Results – Successful Applicants

Appendix 2: Survey Results – Unsuccessful Applicants

Appendix 3: ERDF Criteria and Development path Analysis

Appendix 4: BITP casework and Letter of Offer Template

Appendix 5: Return on Investment Calculator

Appendix 6: Annual Project Monitoring Form

Appendix 7: PPE Template

Appendix 8: GVA Calculation Methods

Appendix 9: Key Issues Reference Calculating ROI figures

1.5 **Acknowledgements**

We would like to thank the Project Steering Group members for being available for meetings and providing access to the information that we required for this evaluation.

In addition, we would like to express our gratitude to David McKeown and Niall Casey from Invest NI for being readily available for consultation and providing access to information that was required.

We would also like to specifically express our thanks to the companies and other key stakeholders which we interviewed during the course of the study.

2 POLICY CONTEXT

2.1 Policy Context

This section looks at the policy and strategy documents which provide the context for delivery of BITP at present. It also sets out the context and the rationale for any BITP type support in the future.

2.1.1 Programme for Government 2008/11

The Programme for Government sets out the Executive's priorities for the period 2008/11. It sets out that 'a successful economy is characterised by high productivity, a highly skilled and flexible workforce and employment growth. We have much to do in terms of building our skills base, increasing prosperity and improving our productivity'.

BITP contributes specially to three Public Service Agreements (PSAs) under Priority 1: **'Growing a dynamic, innovative economy'**, as follows:

PSA Objective	Actions	Targets	Department
PSA 1: PRODUCTIVITY GROWTH			
PSA 1 OBJ 1: Promote a competitive and outward looking economy	Invest NI will assist businesses that have a focus, or ambition to focus, on markets outside Northern Ireland or are seeking to generate wealth from outside Northern Ireland. Specific activity outputs: - 600 new first time exporters - Support companies to diversify into new markets - Improve the sales and marketing capability of NI businesses - Support 45 new businesses	Maintain the CAGR in external sales per employee by Invest NI manufacturing clients at 6%. Increase in the CAGR in external sales per employee by Invest NI tradable services clients to 4%. The level of export sales as a percentage of total sales by Invest NI client companies, excluding the Top 25 exporting companies, to increase by 3 percentage points	DETI
Comment: BITP contributes to this objective by supporting skills investment in those companies either currently exporting or seeking to export.			
PSA 1 OBJ 2: Attract and support high quality investment, both foreign and locally-owned	Invest NI will prioritise its resources on: Existing client companies whose investment plans demonstrate increasing productivity. Attracting inward investment projects that will promote jobs with salaries above the private sector median or increase the value added in the relevant sector. New inward investment marketing activity that seeks to secure contestable projects that promote jobs with salaries above the NI Private Sector Median or increase the value added in the relevant sector. Specific activity outputs: Secure investment commitments of £1.2BN (excluding potential support	Total annual wages and salaries secured of £345M, reflecting inward investment successes and growth from locally-owned clients - 6,500 new jobs from inward investment - of which 5,500 will provide salaries above the Northern Ireland Private Sector Median - of which 2,750 will have salaries at least 25% above the Northern Ireland Private Sector Median 70% of new FDI projects secured to locate within 10 miles of an area of economic disadvantage	DETI OFMDFM

PSA Objective	Actions	Targets	Department
	<p>towards the Bombardier C-Series project).</p> <p>Support 90 inward investment projects</p> <p>Support 45 new start-ups exporting outside the UK and 300 exporting to GB</p>		
Comment: BITP contributes to this objective by working alongside SFA support to encourage mobile projects to come to NI. It is also used to assist existing companies and increase productivity. BITP provides the tool to ensure that NI can provide the skilled workforce needed by mobile projects.			
PSA 1 OBJ 4: Promote higher value-added activity through innovation and the commercial exploitation of R&D	<p>Invest NI will:</p> <ul style="list-style-type: none"> Secure Research & Development investment commitments of £120m. 300 companies to engage in Research & Development for the first time. Increase the commercialisation of intellectual. Support MATRIX, which will advise DETI on policies to better target resources to technology areas of greatest future potential and exploit core niche strengths in the R&D and science base. 	<p>Increase the BERD expenditure in Invest NI client companies with less than 250 employees by an 8% CAGR.</p> <p>Increase the BERD expenditure in Invest NI client companies with greater than 249 employees by a 5% CAGR.</p>	DETI
BITP can help contribute to his objective by helping companies improve their capability to manage R+D and Innovation Programmes			
PSA 1 OBJ 6: Increase the level of skills to aid Productivity improvements in manufacturing and tradable services	Delivery of actions outlined under PSA 2	Delivery of targets outlined under PSA 2	DEL DETI
BITP- See below-PSA 2			
PSA 2: SKILLS FOR PROSPERITY			
PSA 2 OBJ 2: Improve the skills level of the workforce	<p>Implementation of Success through Skills: the Skills Strategy for NI by 2015.</p> <p>Improve opportunities for adults to update their essential skills of numeracy, literacy and ICT through implementation of the Essential Skills Strategy.</p>	<p>To have all current component projects of Success through Skills launched by 2010/11.</p> <p>By March 2011, 42,000 adult learners will have achieved a recognised qualification in Essential Skill.</p> <p>Increase the proportion of the working age population who are qualified at skill level 2 and above to 80% by 2015.</p> <p>Increase the proportion of the working age population who are qualified at skill level 3 and above to 60% by 2015.</p>	DEL / DETI / DE
BITP supports this objective by providing support to companies and assisting employees increase their qualification base where appropriate to business needs			
PSA 3 INCREASING EMPLOYMENT			
PSA 3 OBJ 3: Increase employment opportunities by attracting high quality inward investment	<p>Invest NI will:</p> <ul style="list-style-type: none"> Prioritise added growth projects from locally-owned clients, including External and Global Start 	Total annual wages and salaries secured of £345M reflecting inward investment successes and growth from locally-owned clients {8% increase on the average for the	DETI

PSA Objective	Actions	Targets	Department
and supporting domestic investment	<ul style="list-style-type: none"> Ups resources on promoting value. Prioritise resources on increasing the competitiveness of client companies in global markets with a view to increasing employment opportunities. Focus new inward investment marketing activity on projects that promote jobs with salaries above the NI Private Sector Median or increase the value added in the relevant sector. Consider projects that will bring specific benefits to areas of economic disadvantage. <p>In working to stimulate high quality new FDI and follow-on investment, Invest NI will encourage employers to work with the Employment Service to assist working age benefit claimants to enter, or return to, employment.</p>	<p>three year period ended 2006/07]</p> <p>6,500 new jobs from inward investment</p> <p>of which 5,500 will provide salaries above the Northern Ireland Private Sector Median</p> <p>of which 2,750 will have salaries at least 25% above the Northern Ireland Private Sector Median</p> <p>75% of land acquisition (acres) in areas of economic disadvantage.</p> <p>70% of new FDI projects secured to locate within 10 miles of an area of economic disadvantage.</p>	
BITP provides Invest NI with the mechanism through which they can support existing business and attract inward investment, where they have skill development needs. Invest NI and DEL is currently working together on a new skills support to FDI projects which complement BITP.			
PSA 3 OBJ 4: Promote business growth	<p>Invest NI will:</p> <ul style="list-style-type: none"> Promote growth projects from locally-owned clients, including Global and External Start-ups 	Support 45 new start-ups exporting outside the UK and 300 exporting to GB	DETI
BITP contributes to this objective by being provided to projects that need T+D support to grow significantly and to increase their exporting capability.			

Source: Programme for Government 2008-11

The Programme for Government highlights a specific Productivity Growth Target (2008-11), to: “Deliver support for improving people and process capability in line with business needs through a streamlined Business Improvement Programme, providing timely cost efficient & effective interventions in structured training & development by clients focussed on market led innovation & development.”

It also highlights the importance of prioritising resources to support growth focused companies and in particular those increasing their ability to export, increasing their investment in Research, Development and Innovation all of which are key to developing the competitiveness of any company. Finally, PfG also highlights the importance of FE meeting the needs of businesses and providing support to increase the qualification levels in the workforce. All of these have important implications for how government investment in training and development should be focused, to get the best returns against the priorities set under PfG.

2.1.2 DETI Corporate Plan 2005/08 and 2008/11

In the PfG, DETI identified three key priorities for the period 2008/11, two of them relevant to the BITP aims and objectives. These are specified in its Corporate Plan 2008/09 as follows:

PSA 1: Productivity Growth - improve manufacturing/ private services productivity
‘Aiming to halve the private sector productivity gap with the UK average excluding the Greater South East of England, by 2015’)

- *Objective 1: Promote a competitive and outward looking economy. (Focus on companies exporting or seeking to export).*
- *Objective 2: Attract and support high quality investment, both foreign and locally-owned. (Focus on those clients working to increase their productivity; Focus on inward investment projects employing staff on above private sector median salary levels).*
- *Objective 3: Ensure a modern sustainable economic infrastructure to support business.*
- *Objective 4: Promote higher value-added activity through innovation and the commercial exploitation of R&D. (Focus on increasing Business Expenditure on Research and Development and supporting the work of MATRIX as they identify the technology areas with the greatest potential).*
- *Objective 5: Develop and sustain a Higher Education research sector that holds a strong position within the UK and beyond and makes a major contribution to economic and social well-being.*
- *Objective 6: Increase the level of skills to aid productivity improvements in manufacturing and tradable services. (Skills are one of the main attractions for foreign investment into the economy, and it is important to ensure that the future supply of skills is consistent with the demands of existing and prospective businesses. Relevant skills in Science, Technology, Engineering and Maths (STEM) are needed to support innovation and R&D, and businesses selling abroad also require a labour force with strong sales and marketing expertise.)*

PSA 3: Increasing Employment - raising employment levels;

- *Objective 3: Increase employment opportunities by attracting high quality inward investment and supporting domestic investment. (Focused on projects working to increase competitiveness and inward investment projects with salaries above private sector median levels).*
- *Objective 4: Promote business growth (Focused on ensuring that growth projects are prioritised regarding government supports).*

BITP has the potential to contribute to PSA1 and PSA3 by offering assistance to businesses to assist them become more competitive by developing the skills of their staff to create a skilled, trained and adaptable workforce.

2.1.3 Invest NI Corporate Plans 2005/08, 2008/11

Invest NI works to 'overcome Northern Ireland's key structural challenges and create an economy where prosperity is driven by a vibrant private sector'. Its challenge is 'to improve the international competitiveness of the economy, increase entrepreneurial activity and encourage more businesses to sell in international markets'.

In its Corporate Plan 2008/11, Invest NI set out the targets to be delivered on behalf of DETI for the 3-year period:

- increase sales outside Northern Ireland per employee of Invest NI manufacturing clients by an average of 6 per cent per annum in real terms;
- increase sales outside Northern Ireland per employee of Invest NI tradable services clients by an average of 4 per cent per annum in real terms;

- increase by 3 percentage points sales outside the United Kingdom as a proportion of total sales by Invest NI client companies, excluding the top 25 exporting companies;
- secure total annual wages and salaries of £345 million from inward investment and locally owned clients. This represents an 8 per cent increase over the three-year period ended 2006-07;
- promote 6,500 new jobs from inward investment, of which: - 5,500 will provide salaries above the Northern Ireland Private Sector Median; and - 2,750 will have salaries at least 25 per cent above the Northern Ireland Private Sector Median;
- increase the business expenditure on R&D by Invest NI client companies with less than 250 employees by an average of 8 per cent per annum in real terms;
- increase the business expenditure on R&D by Invest NI client companies with 250 employees or above by an average of 5 per cent per annum in real terms;
- support 45 new start-ups selling outside the United Kingdom;
- support 300 start-up businesses selling to Great Britain;
- 75 per cent of land acquisition (acres) to be in areas of economic disadvantage; and
- 70 per cent of new FDI projects secured to locate within 10 miles of an area of economic disadvantage.

Invest NI's mission is: *"To deliver expertise and resources to accelerate the creation and growth of business committed to and capable of, being entrepreneurial, innovative and international"*.

To achieve this, Invest NI's objectives are to achieve: Improved competitiveness, increased skill levels and greater entrepreneurship amongst client companies; A more positive attitude towards enterprise that stimulates increased and better quality business starts; Increased levels of research and development (R&D), innovation and commercialisation of research; A more internationally focused economy with increased value-added activities stimulating increased export sales; and Levels of new inward investment and reinvestment proportionally greater than the UK average. The range of services Invest NI offer to client companies includes:

- Skills development through the Business Improvement Programme;
- Advice on strategic development (e.g. Design Development programmes, financial assistance for potential exporters);
- People development (e.g. mentoring support, collaborative networking programmes);
- Technology and Process Support (e.g. process solutions, e-business solutions);
- Technical and Sustainable Development (e.g. energy advice, environmental advice);
- Research and Development (e.g. knowledge transfer, industrial research); and
- Passport to Export (e.g. Market visits, Market research and advice).

Invest NI has a focus on business improvement and is seeking to grow and develop its client base in line with DETI / Invest NI objectives and targets.

BITP is a financial tool which aims to help companies invest in training and development whilst seeking to improve their competitiveness and productivity. Invest NI provides support to clients with exporting, R+D, innovation and skills, given that these are key enablers of profitable growth. The focus for Invest NI is on prioritising the support given to companies based on their growth potential.

2.1.4 Department of Employment and Learning

DEL's vision for Northern Ireland is 'a dynamic, innovative and sustainable economy where everyone achieves their full potential', in line with the top priority of the PfG 'to grow a dynamic, innovative economy'. It works to promote learning and skills, prepare people for work and to support the economy.

In its Corporate Plan 2008/11, DEL set out its commitment to lead on the implementation of PSA 2 and PSA 3 below, and work closely with DETI on PSA1:

- PSA1. Productivity Growth – Improve Northern Ireland's manufacturing and private services productivity.
 - *Objective 6: Increase the level of skills to aid productivity improvements in manufacturing and tradable services.*
- PSA2. Skills for Prosperity – Ensure our people have the right skills to deliver economic prosperity now and in the future and increase skills and career choices in STEM subjects.
 - *Objective 1: Understand the current demand for skills and assess the future skills needs.*
 - *Objective 2: Improve the skills level of the workforce.*
 - *Objective 3: Improve the quality and relevance of education to the economy.*
 - *Objective 4: Increasing skills and career choices in Science, Technology, Engineering and Mathematics (STEM) subjects.*
- PSA3. Increasing Employment – Increase employment levels and reduce economic inactivity by addressing the barriers to employment and providing effective careers advice at all levels.
 - *Objective 1: Tackle the skills barriers to employment.*
 - *Objective 2: Deliver a high quality employment service providing support for employers and helping people return to work.*

DEL and Invest NI have been working together over the recent past, to review their supports and how they can best work together on these areas, whilst recognising that they both have different areas of focus- with Invest NI concerned with developing successful companies and DEL on getting the best out of skills and expertise of individuals.

DEL has invested time and research in the skills and leadership arena and has a number of publications which are key to the work involved in evaluating the BITP and which are detailed in the next section.

2.1.5 Summary

In this section, we have detailed the importance of improving company productivity to the delivering the PfG's priority objective of 'Growing a dynamic, innovative economy'. The objectives and targets for DETI/ Invest NI and DEL illustrate the connections between the organisations and the need for them to work together to achieve these targets. They also illustrate the need to prioritise and that government funds should be invested where they can give the greatest return. PfG highlights the importance of helping companies with a focus on productivity and growth and to do so through exporting, investing in R+D and skills. There is

also mention made of the need to support FDI projects that are paying above the private sector median levels for salaries, in order to develop an economy more focused on higher value added work. .

2.1.6 Key Issues regarding Skill Needs in Northern Ireland

2.1.6.1 Introduction

In this section we review recent research on skills and how development of these can lead to the development of companies and economies.

2.1.6.2 *Mc Kinsey: Management Matters in Northern Ireland and the Republic of Ireland*

Management Matters in Northern Ireland (NI) and the Republic of Ireland (RoI) is a study published in June 2009, based on the management practices in use in the RoI and NI¹.

In this study researchers carried out structured interviews on management practices with plant managers in over 150 manufacturing firms in RoI and over 120 in NI. The research focused on firms with more than 50 employees, as these firms account for more than 92% of the Gross Value Added (GVA) in RoI, and 75% of the GVA in NI. The survey results were compared with those from similar interviews with over 5,000 manufacturing firms in 14 other countries in Europe, Asia and the Americas.

The objectives of the research were to:

- Compare the levels of managerial skills with those in Great Britain and other countries;
- Identify areas of weakness in the management practices of manufacturing firms;
- Identify the factors that may account for the differences; and
- Indicate where targeted improvements could improve performance and investigate whether similar issues also apply in tradable services firms.

The research found that firms that are good at deploying accepted best-practice management techniques perform significantly better, in economic terms, than those that are not. Furthermore, there was a significant gap between the scores in both RoI and NI and those in the countries with the best management practices. (Looking at the average management practice scores of all the countries surveyed, both RoI and NI lie below the global average and below Great Britain in the ranking of countries.)

The research identified seven structural factors that appear to account for a significant part of the variation in management practice scores between countries. These include:

¹ McKinsey & Co, along with Stanford University and the London School of Economics, has carried out an assessment of management practices and their effect on productivity for a number of national economies over the past seven years.

- **Firm size:** globally, larger firms are found to have better management practices than smaller firms, (The manufacturing base in ROI and NI includes a high proportion of smaller firms);
- **Ownership:** management practices vary with ownership type and that firms owned by dispersed shareholders generally have the best management practices. (ROI and NI have a high proportion of founder-owned and family-owned firms);
- **Skill levels:** the more educated its workforce, the better the management practices a firm deploys. (In ROI and NI, relatively few managers and non-managers in manufacturing firms have degrees);
- **Sector:** Management practices also vary significantly by sector, and high value manufacturing firms in all countries surveyed have better management practices than the others;
- **Labour flexibility:** Firms in flexible labour markets tend to have better people management practices than firms in markets where labour rigidity rules;
- **Presence of multinational enterprises (MNEs):** Multinational enterprises, both domestic and foreign based, tend to have better practices than local firms in all countries surveyed; and
- **Competition:** Globally, high levels of competition are associated with good management practices.

The research concluded that the overall performance of most countries is determined not by the performance of its leading companies, but by the number of poorly performing companies. Thus, by developing environments that encourage and assist all firms to adopt good management practices governments could drive the competitiveness of their entire economies.

BITP needs to demonstrate that it is improving operational management and leadership within NI businesses. This in turn will lead to a more efficient and productive workforce, all of which will have a positive effective on the NI economy, allowing it to catch up with other regions in terms of management skills, productivity and output.

2.1.6.3 *Management and Leadership Development Strategy and Implementation Plan (June 2007)*

The Management and Leadership Strategy was published in 2007 by DEL and it outlines the challenge and articulates a vision for the future development of Management and Leadership and maps the actions required to deliver it. The Strategy and Implementation plan is framed around the following themes and key actions:

- Understanding the demand for management and leadership development
 1. Management and leadership needs to be formally addressed in all Sector Skills Agreements by end 2007.
 2. Sectorial baseline for Management and leadership to be established by March 2008.
 3. Management and leadership needs to be addressed within the Regional Employment and Skills Action Plan.

- Improving the skills levels of managers and leaders
 1. Cross sectorial best practice forums to be established.
 2. Range of policies and programmes developed and resourced to guide and support Voluntary organisations.
 3. Local Government Staff Commission to form a new management and leadership group to promote and coordinate development within the sector.
 4. Improved management and leadership training programmes for Civil Servants by Sept 2007.
 5. An additional 500 organisations to achieve Investors in People status by March 2009.
- Improving the quality and relevance of management and leadership development programmes
 1. Audit all government interventions by March 2008.
 2. Adoption of National Occupational Standards in the provision of all training programmes.
 3. FE Colleges to engage fully in workforce development and offer management qualifications based on the National Occupational Standards for Management and Leadership.
 4. Universities to embed management and leadership skills in programmes and to bring forward proposals to enhance their role in this area.
 5. The Department of Education will provide a range of opportunities to support the development of competences in young people which underpin management and leadership skills.
- Tackling the barriers to involvement and investment in management and leadership development.
 1. DEL to introduce a new management diagnostic by June 2007 to promote a structured approach to development within organisations.
 2. On-going international benchmarking to identify and remove remaining barriers.
 3. All government support for management development activities to be clearly linked to the achievement of corporate objectives by March 2009.

There are no specific references in the Management and Leadership Strategy to the provision of Invest NI support to companies regarding investing in management / leadership.

2.1.6.4 Major Changes to the Employment and Skills Landscape

There have been a number of major changes to the skills landscape in the UK and Northern Ireland:

- **UK Commission for Employment and Skills**

The UK Commission for Employment and Skills (UK CES) was launched on 1st April 2008. The Commission incorporates many of the roles of the Sector Skills Development Agency (SSDA) and National Employment Panel (NEP) which both closed on 31st March 2008.

The Commission plays a central role in raising the UK's skills base, improving productivity and competitiveness, increasing employment and making a contribution to a fairer society.

The Commission reports to the Prime Minister in the UK Government and the relevant Ministers in the Devolved Administrations. The UK Commission is advisory in nature, but has an executive function in performance managing and funding the Sector Skills Councils (SSCs), as well as a lead role in their reform and relicensing.

▪ **Northern Ireland Employment and Skills Advisor**

The UK Commission for Employment and Skills has a strategic leadership and advisory role, but Northern Ireland employment and skills issues are overseen locally by a Northern Ireland Employment and Skills Advisor (Mr Bill McGinnis was appointed in October 2008), who is a Member of the UK Commission and reports to the Minister for Employment and Learning. In October 2008 Bill McGinnis was appointed to this role.

In the Northern Ireland Advisor on Employment and Skills Relevant website, the following publications relevant to this assignment are available:

- *Towards Ambition 2020 - Northern Ireland;*
- *Improved Engagement of SMEs in the Employment and Skills Arena;*
- *Improved Leadership and Management within Northern Ireland Businesses;*
- *An Open Letter to Northern Ireland's Employers;*
- *High Performance Working A Synthesis of Key Literature;*
- *Employee Demand for Skills A Review of Evidence & Policy;*
- *Oxford Economics Report June 2009 - Forecasting Future Skills Needs in NI;*
- *Ambition 2020: World Class Skills and Jobs for the UK;*
- *Management Matters in Northern Ireland and Republic of Ireland; and*
- *Employability Challenge - Full Report.*

- High Performance Working (HPW) Report August 2009:

HPW is defined as the general approach to managing organisations in order to stimulate more effective employee involvement and commitment to achieve high levels of performance. This report highlighted the link between HPW and positive company sales and profitability. It has raised its profile within the UK policy arena as there is now a focus on how skills are being used within the workplace and how these are being used to ensure the development of competitive advantage. In the UK, Sung and Ashton's work (2005) has been influential. This work identified a detailed list of 35 HPW work practices, and these are listed in Table 2.1 below:

Table 2.1

Sung and Ashton's (2005) Definition of HPW Practices

High Involvement	Human Resource Practices	Reward and Commitment
Circulating information on organisational performance and strategy	Annual appraisal	Performance pay for some employees
Providing all employees with a copy of the business plan/targets	Formal feedback on job performance from superiors	Performance pay for all employees
Staff Association	Formal feedback on job performance from	Profit-sharing for some employees

Table 2.1

Sung and Ashton's (2005) Definition of HPW Practices

High Involvement	Human Resource Practices	Reward and Commitment
	customers/clients	
Internal staff surveys	Reviewing vacancies in relation to business strategy	Profit-sharing for all employees
Staff suggestion schemes	Formal assessment tools for recruitment	Share options for some employees
Quality circles/total quality management	Annual review of employees' training needs	Share options for all employees
Self-managed or self-directed teams	Training to perform multiple jobs	Flexible job descriptions
Cross-function teams	Continuous skills development programmes	Flexible working
'Kaizen' - specific efforts on continuous improvement	Structured induction training	Job rotation
	Work (re)design for improved performance	Family-friendly policies
	Work diversity for competitive advantage	Non-pay benefits
	Mentoring	Benefits covering spouse or family members
	Quality assurance	
	The Business Excellence Model*	
* Note: The Business Excellence Model was introduced at the beginning of 1992 as the framework for assessing applications for The UK Excellence Award. It is a practical tool that allows organisations to assess their management system (http://www.bqf.org.uk/ex_description.htm).		
Source: UK Commission for Employment and Skills (UKCES): High Performance Working (HPW) Report, August 2009.		

There are a number of different models for measuring HPW but it is generally agreed that the components should vary per organisation depending on their context and needs.

A commonly used model of organisational performance is Guest 2006. He identifies 4 core components:

- **Competence:** refers to the workforce having the appropriate level of knowledge and skills;
- **Opportunity to contribute:** involves the design of jobs to ensure that they provide the challenge and level of autonomy and responsibilities to make best use of employees skills and competences;
- **Motivation:** employees need to be motivated to use their skills and competences; and
- **Commitment:** employees need to be committed to the organisation.

Guest argues that employers need to address all 4 components in order to achieve HPW. Organisations that fail to address all components elements will not be making best use of their resources. Research in the UK suggests that there is a low uptake of HPW and that there is variation on uptake across sectors. For example Aerospace, Manufacturing, and Engineering (those under severe competitive pressure). Also those sectors exposed to international competition and greater market pressures from abroad, more advanced technology and greater technological development, where consumer demand is more sophisticated have higher levels of HWP. Foreign owned companies such as US-owned firms in particular are likely to make more use of HPW practices than domestically owned enterprises. HPW is also adopted to a much lesser extent the smaller the company.

HWP is likely to evolve over time, with those companies with strong HRM systems likely to develop HWP.

The reasons as to why firms do not take up HPW practices have been found to be as follows, hence providing evidence of market failure²:

- **Ignorance:** There is an information failure, where some employers are unaware of the need to change or the benefits to their businesses of HPW.
- **Doubts or Inertia:** Given that the benefits from HPW are not immediate and are uncertain, some employers feel HPW is too costly or risky or complicated.
- **Inability:** Some employers are reluctant as they may lack sufficient know how and ability to implement the changes required.

The report highlights a number of areas for development regarding public sector policies. On the area of ignorance, Guest pushes for more case studies and information setting out practical advice employers can use which demonstrate how employers setting out from a low base can implement high-involvement HRM. It also highlights the need for influential ambassadors from business who can provide leadership and galvanise and incentivise employers to consider new approaches to analysing and tackling business skills issues. Some commentators have highlighted the opportunity to establish networks of ambassadors and champions, to go into organisations and facilitate change. Also networks where managers can learn from each other.

It also highlighted the need for a policy review of supports that exist to support HPW and identification of the gaps.

▪ **Towards Ambition 2020**

ONS figures for Northern Ireland show that Northern Ireland's productivity has fallen by approximately 3% from 2001 to 2007 (although the NE, Yorkshire and Humberside have fallen further by approximately 5% and Wales by 6% in the same period).

Leitch Review highlights that the UK is performing poorly in the attainment of low and intermediate skills. Northern Ireland we are performing worse than the UK average in relation to low, medium and high skills. Also compared with the UK Average, Northern Ireland has significantly more working age people with no qualifications and fewer people with higher qualifications.

DEL's Success through Skills 2 Strategy predicts that between 2008 and 2020 the NI economy will create 5,000 net new jobs per annum, under a baseline scenario and 7,300 jobs under an aspirational scenario.

The report raises a number of key messages for government:

- *Ensuring the supply of skills match market demand;*
- *Raising Employer Ambition and Skills Utilisation;*
- *Ensuring the supply of skills match Market Demand;*
- *Raising Individual Aspirations; and*

² Philpott 2006 report.

- *Simplifying the Skill and Employment System.*

The message around ensuring that employers raise their ambition levels and create more high skilled jobs is a key one for BITP support. The message is that NI doesn't have enough employer demand for skills and employers do not utilise the available skills effectively to capture potential productivity improvements and competitiveness gains. The report links this back to the need to:

- *improve management and leadership skills in Northern Ireland businesses;*
- *greater promotion of high performance working practices to employers, and greater support for more employee engagement in skill training;*
- *stronger emphasis on identifying and disseminating the economic and competitive benefits to employers of investing in skills;*
- *Govt should streamline and develop an integrated framework for leadership and management support. Govt should reduce the confusion around training provision by establishing one single coherent and simplified offer to businesses;*
- *Enhanced support for the development of leadership and management skills in SMEs should be a priority for Govt; and*
- *The experience of businesses who have seen value in investing in skills training should be used to encourage others to upskill their employees.*

Summary: It is clear from the HPW and the Towards Ambition 2020 work that there is still much to be done and there is a significant gap in productivity and performance for Northern Ireland compared to the rest of the UK. It is also clear that there are a number of components to a highly productive workforce, and having a high level of skills is only one of these components. Research has identified the market failures as³:

- **Ignorance:** There is an information failure, where some employers are unaware of the need to change or the benefits to their businesses of HPW.
- **Doubts or Inertia:** Some employers feel HPW is too costly or risky or complicated.
- **Inability:** Some employers are reluctant as they may lack sufficient know how and ability to implement the changes required.

There is considerable work needed to develop a High Performance Workforce and the elements need to work together to make this happen. Invest NI are clearly focused on the companies, and therefore they need to ensure that companies are ambitious and have the leadership and management capabilities to make sure that they make best use of their workforce's skills and expertise and that they continue to develop these. There is research to demonstrate that foreign owned companies and/or larger companies involved in markets where there are significant pressures to be competitive will often have this ambition and the resources and structures in place to develop a HPW, however smaller companies are less likely to be successful in this regard. There is also evidence to say that the government supports need to be streamlined and less bureaucratic and that HPW employers have a role to play in promoting the benefits and impacts to be gained from deploying best practice HRM systems and processes.

³ Philpott 2006 report.

2.1.7 Draft Regional Economic Strategy for Northern Ireland (2015)

This Regional Economic Strategy (RES) sets out the Government's economic priorities that will help achieve the Economic Vision to become a high value added, highly skilled, innovative and enterprising economy by 2015.

The RES has been constructed within the parameters of national economic policy and centres on raising productivity in the local economy. This is to be achieved by focusing on prioritising the four key drivers of productivity – **infrastructure, enterprise, skills and innovation & R&D**. The Strategy also sets out interventions to tackle economic inactivity and improve the employment rate. The key public sector interventions under each of the productivity drivers include:

- Implementing the Investment Strategy for Northern Ireland;
- Increasingly refocus business support on exports, R&D and Innovation;
- Implement the Skills Strategy and FE Means Business Strategy, and
- Implementing the Regional Innovation Strategy and enhancing linkages between the education and business sectors.

2.1.8 Independent Review of Economic Policy (Invest NI and DETI – Professor Richard Barnett, 2009)

The 2009 Barnett Review of Economic Policy highlighted the importance of supporting innovation and R&D to the NI economy. The review stated that the promotion of innovation and R&D is the most important long term driver of productivity for NI and that resources should be redirected to provide greater levels of support to this.

The review suggested that Invest NI should work to significantly reduce the number of its supports, and especially support for company training, and concentrate support mainly to small firms and to projects with a high innovative content, where retraining is necessary to realise a substantial rise in productivity. This is explained by two main facts:

- the imminent and significant changes to EU state aid limits (from as early as January 2011) and the current economic climate, the review recognised that other regions would be making special cases for the retention of more generous state aid limits. In this context, it is understandable that NI will wish to do the same. However, we believe that any such efforts must be consistent with the changes in policy outlined in this report. To do otherwise would be counter-productive and serve to put off the changes required. As a consequence, the Review Panel recommend that, as soon as practicable, DETI and other relevant departments commence work on preparing a case for retaining state aid limits that support the changes outlined in this Review.
- the analysis undertaken by the Panel of the review indicated that 15% of assistance over the review period was spread across a very large number of programmes (48 programmes in 2008/09). Consequently, the Review Panel recommend that Invest NI works to significantly reduce the number of its support programmes.

Regarding BITP, formerly known as the Company Development Programme or CDP, the review outlines the following findings from the evaluation undertaken in 2005:

- CDP provided a disproportionately large amount of support to manufacturing companies over the nine year period (approximately 65-70%) and considerably less to businesses in

the service sector. It is hoped that Invest NI have made a significant shift to support skills development in the service sector.

- The objectives of the CDP specifically identified targeting small firms for advice and support, yet small firms only received 15-25% of total grants on average, with the large majority of assistance given to medium and larger size companies. It would be **expected that firms of this size, particularly larger companies, should be able to provide training for their own employees without resorting to government assistance.**
- The main impact of CDP (identified by 39% of companies) was improved technical skills. This was reinforced by the fact that 56% of firms felt that CDP had made the greatest impression on operational aspects of their firm. **While the scheme does appear to have been successful in bringing benefits for the individual firms, it is questionable how transferable these technical skills are to the wider economy, and spill over benefits may therefore be limited.**
- Additionality:
 - o The evaluation identified high levels of deadweight as a significant issue with the programme. Almost two-thirds (63%) of firms reported that, in the absence of CDP, they would have undertaken training themselves with the same content. Conversely, 8% of recipients (rising to 18% in small firms) claimed that they would not have undertaken any training without the CDP project.
 - o Although headline deadweight was found to be extremely high, some of this activity was likely to have been partly additional by helping to speed up projects (86% of companies) or provide more breadth to their training (77%) than would otherwise have been the case.
 - o It is not clear the extent to which the CDP post-2004, or the re-branded Business Improvement Training Programme, has been able to tackle the low levels of additionality found in the evaluation. This will be an important issue for any future evaluations of the programme to address.

In sections 4 and 5 we consider the extent to which Invest NI has actioned the recommendations from the CDP evaluation and in section 4.3 we review the extent to which BITP has performed against objectives and targets set for it.

2.1.9 Business Alliance response to Independent Review of Economic Policy, November 2009

In this document, the Business Alliance provided its view on the Independent Review of Economic Policy (above) and it supported the majority of the key recommendations to lead to a step change in economic activity and productivity growth, namely:

- A greater focus on R&D and innovation, a more ambitious and dedicated focus on exporting, and a greater focus on integrating SMEs into supply chains;
- Providing Invest NI with greater operational freedom and the development of a more entrepreneurial culture and enterprising approach;
- A further streamlining of Invest NI support programmes combined with increased delegated authority limits;

- Support for DETI taking a leading role in the development of economic policy, combined with various proposals to improve governance and accountability arrangements, including the establishment of an permanent sub-committee by the First Minister and deputy First Minister, and Executive, to prioritise action on the economy and agree an economic strategy. As part of the review of Departments in the medium term it also supported the proposed merger of DEL and DETI, though parts of other Departments may also need to be included;
- An immediate priority is to take forward with some urgency prioritised actions from the MATRIX initiative;
- Realigning the education system to meet the anticipated demands for higher skills within the economy, especially STEM related skills;
- The planning system to be more responsive with faster processing times in line with competitor regions; and
- A greater economic focus in the next Investment Strategy for Northern Ireland.

In contrast, the Business Alliance highlights some recommendations they believe do “not appear consistent with the Review’s detailed analysis and which have the potential to limit the development of the economy and create unnecessary inflexibility with regards the delivery of economic policy and achieve the goals of the Programme for Government (including increasing the employment rate)”.

Particular to the skills issue, this document suggests that the IREP focuses on education qualifications and fails to understand the challenge and scale of transformation required in up-skilling the existing workforce, including the lack of skills required for ‘advanced manufacturing’. The Business alliance challenges the statement that ‘the flow of skills into the labour market in NI is a key strength’ because it confuses good qualifications with good and relevant skills, especially those which are going to drive productivity growth. It outlines that a critical part of the process in moving towards a higher value and more innovative economy is up-skilling the existing workforce.

Although the Business Alliance supports the recommendation about Invest NI reducing the number of its support programmes to achieve a further rationalisation of its support, and improving its ‘route maps’ towards existing programmes and focus on those with the greatest impact on performance improvement; it does not agree on Invest NI further reducing “its support for company training, and concentrate support mainly to small firms and to projects with a high Innovative content, where retraining is necessary to realise a substantial rise in productivity”.

It sees that up-skilling the existing workforce is essential to achieve the necessary transformation into a high productivity, innovation driven economy. The document suggests that support for company training is likely to be more important rather than less important. Therefore, even greater resources should be focused on up-skilling the existing workforce, including the development of leadership and management skills, particularly in light of the Review’s recommendations to move towards a higher value economy driven by innovation and R&D, as having the appropriate skills in place is a pre-requisite for success in this area. Northern Ireland companies need to make a massive investment in skills to support advanced manufacturing and ‘lean’ production, six-sigma etc. “Without continuing, and we would argue enhanced, support in this area we do not believe the report’s aspirations will be achieved (...). NI does not offer a pool of skilled people, especially with relevant experience, in key areas, particularly those which will be required to develop the economy”.

Concerning the low levels of additionality with regards to the CDP programme highlighted in the IREP, the Business Alliance expected a better planned evaluation of the BITP and accepts that companies themselves have a key responsibility to invest in the training and development of their employees.

2.1.10 UK Strategies

2.1.10.1 Skills for Growth – The National Skills Strategy (November 2009)

‘Skills for Growth – The National Skills Strategy’ sets the ambition of a world class skills base for the UK.

Objectives include:

- Three quarters of young people should participate in higher education or complete an advanced apprenticeship or equivalent technician level course by the age of 30;
- 360,000 apprenticeship starts by 2020, with an aspiration that one in five young people will be undertaking an apprenticeship within the next decade;
- Create a Skills Funding Agency (by April 2010) that will work with colleges and other training institutions;
- Continue to attract employer investment in skills by making more than £16 million of public revenue funds available for the National Skills Academy programme as a whole in 2010-11;
- Introduce from 2010 new individual skills accounts supported by the new adult advancement and careers service;
- Support 20,000 apprenticeship places over the next three years via public procurement programme, worth around £220 billion a year; and
- In 2010-11, fund the initial costs of the new advanced apprenticeship places (£17 million) and Joint Investment Schemes (£20 million) by re-prioritising funds within Train to Gain.

This strategy reiterates the importance of improved skills. Economic recovery and long term prosperity depend on people who are not only highly skilled but also appropriately skilled for the changing economy. Skilled people are more productive, they are more innovative, and they are the building blocks of successful businesses. This strategy also highlights the importance of reacting to skills demand issues in a flexible and timely manner.

2.1.10.2 CBI – Education and Skills Survey 2010

CBI’s ‘Ready to Grow – Business Priorities for Education and Skills – Education and Skills Survey 2010’ provides an updated barometer of business opinion on key education and skills issues. It was conducted in February 2010, with useable responses received from 694 employers, collectively employing over 2.4 million people, or 8% of all those in employment in the UK.

The relevant key findings of this survey to this evaluation are as follows:

- **Bureaucracy around publicly-funded training must be cut:** The dominant issue for employers is the bureaucracy associated with accessing government funding and support for training programmes. Three quarters (75%) of firms, including small and large firms, want the government to take immediate steps to reduce red tape (87% of organisations employing more than 5,000 people wanting a reduction in bureaucracy). This is followed

by the need to provide more funding support for intermediate or higher skills (49%) and the simplification of the number of skills organisations / programmes (46%).

Employers also want the skills system to be more streamlined. Just under half (46%) would like to see the government simplifying the number of skills organisations and programmes, while over a third (38%) want continued reform of vocational qualifications to make them more business-relevant. As business practices and needs change, qualifications too have to evolve constantly. Government-funded programmes have been criticised for concentrating on lower-level qualifications. This has often led to a mismatch between employers' skill needs and the financial support available.

- **Business continues to value training:** In the early stages of economic recovery, investing in the right skills and ensuring these are utilised to best effect will help firms take advantage of the upturn as it gathers pace. But as with all investments, employers expect to realise a return on their spend.

According to this survey, two thirds (63%) of employers see investing in skills as very important to achieving their strategic objectives and only 1% regard such investment as unimportant. **The great majority of employers do not feel able to increase their investment in training and development, despite recognising its importance** – but only a quarter (28%) are planning to cut budgets. More than half (58%) of employers plan no change in their spend on training, while 14% plan to increase their investment.

Some of the reduction in spending reflects the relatively low recruitment levels over the past year – almost two thirds of organisations imposed recruitment freezes in 2009 in at least some areas – which mean there are fewer new, inexperienced employees whose skills need to be brought up to appropriate levels. For example, half (47%) of construction firms – many of which have substantially reduced their workforces – plan to reduce their investment in training during the coming year.

- **Investment in training is being carefully targeted:** In response to the squeeze on available resources, more than two thirds (69%) of employers indicated they will be seeking more cost-effective routes for delivering training. This might for example include greater use of online programmes or in-house training delivered by colleagues. Nearly two thirds (63%) of firms also plan to target training more effectively, ensuring that resources are focused on those areas and activities yielding the best return.

The emphasis on cost-effective methods and targeting of training activities increases steadily with company size – among the largest firms employing more than 5,000 people, 82% said they will be seeking more cost effective routes and 70% said they will be looking to target training more effectively. In the face of expected cuts in public spending, more than four out of five public sector respondents (84%) said they would be looking for more cost-effective mechanisms.

The key finding of the survey are as follows:

- To improve the training system itself, three quarters (75%) of firms want the government to take urgent action to reduce the red tape involved in accessing public funding and support.
- Businesses see improving productivity and performance as their single most important priority for the next three years – two thirds (64%) rank this as key.
- But firms are also focused on improving the quality of leadership and management, seeing these skills as essential for future success – nearly half (48%) identify this as a strategic priority.

- Almost two thirds (63%) of firms see investment in skills as very important for achieving their strategic objectives, with the great majority (72%) planning to maintain or increase their spending on training and development.
- Well over half of firms (63%) say they will be **targeting their training more effectively** as resources remain tight during the early stages of economic recovery.
- Only 46% of employers rate the current competency levels of staff in low-skilled jobs as good, with basic skills in literacy, numeracy and IT a continuing cause for concern.
- Businesses expect the make-up of the workforce to change rapidly in the next three to five years, with employer demand for low-level skills declining and 55% of firms reporting an **increased need for more higher-skilled employees**.
- The biggest area of growth is expected to be in **leadership and management posts, with 69% of employers anticipating to see their need for staff growing in this area**.
- While most employers are confident they will be able to fill their lower-skilled posts, half (51%) are not confident of being able to meet their need for **higher-skilled staff**.
- A quarter of employers (24%) are dissatisfied with graduates' problem-solving skills, and 26% with their self-management skills.

2.1.10.3 *Leitch Review of Skills*

The Leitch Review was tasked in 2004 with considering the UK's long-term skills needs. The Leitch review of skills highlights a need to improve skills across the UK, noting that the prize for achieving improved skills is huge: a more prosperous and productive society with higher employment and lower levels of poverty and inequality.

In addition, developing the skills of the existing workforce is hugely important given that more than **70% of the 2020 workforce is already in the workforce today**. Yet the education and skills system has until now been hugely focussed on young people. And the development of individuals applies whether they are at the highest levels of leadership and management or at supervisory, technical and craft levels or needing basic skills.

Objectives include:

- 95% of working age adults to achieve functional literacy and numeracy (up from 85% literacy and 80% numeracy today).
- Exceeding 90% of workforce adults to be qualified to at least Level 2, achieving 95% when feasible (up from 70% today).
- Shifting the balance of intermediate skills from Level 2 to Level 3 and improving the esteem, quantity and quality of intermediate skills.
- Exceeding 40% of the adult population qualified to Level 4 and above, accelerating the increase of people with high skills, up from 29% today.
- Increased employer engagement and investment in skills. Reform, re-license and empower Sector Skills Councils, with an emphasis on the Sector Skills Agreement process. Deliver more economically valuable skills by allowing public funding only for vocational qualifications approved by SSCs.
- Increase adult skills across all levels and all ages.
- Increase employer investment in Level 3, 4 and above qualifications in the work place.
- Increase people's aspirations and awareness of the value of skills to them and their families. Create high profile, sustained awareness programmes. Rationalise existing

fragmented services and develop a new universal adult careers service, offering personal advice.

- Create a new integrated employment and skills system to increase sustainable employment and progression. Tackle basic skills development to help people lacking such skills find and stay in work.

The Leitch Report emphasises the necessity of shared responsibility: employers and individuals, as well as the government, should increase their investment in training and education. Employers and individuals should contribute most to training which gives them 'private' benefits, while government investment should focus on promoting basic skills for everyone.

A significant change recommended by Leitch is that the provision of vocational education and training should be demand-led, adaptable and responsive. Employers should therefore be directly involved in deciding what training priorities should be. Targeted individuals will also be empowered to purchase the type of training they need through the introduction of Skills Accounts.

BITP contributes to Leitch through providing support to employers based on their business needs and therefore ensuring that the training sought is demand-led. It also provides support to businesses who wish to encourage their staff to get further qualifications, as long as they will derive benefits for the businesses and help make them more competitive. BITP therefore is a key tool to help businesses train and develop the 70% of the 2020 workforce already in employment.

2.1.11 Northern Ireland

2.1.11.1 Varney Review of Competitiveness of Northern Ireland (April 2008)

This document highlights that an appropriately skilled workforce is key to economic competitiveness, allowing firms to make use of new technology and produce high-value goods.

Although Northern Ireland has a highly skilled population in general, with GCSE and A-level results that are among the best in the UK, it has a particularly large proportion of working-age adults – including within the current workforce – with no qualifications at all, the Review reports. In addition, there are some concerns among employers in Northern Ireland that, while skill levels are generally high, there is a mismatch between the types of qualifications held and the skills increasingly needed by employers.

It set out the following recommendations:

- *Success through skills strategy* should be prioritised to ensure real action can be taken swiftly on the two most important areas for action, highlighted below.
- Given the skills profile of Northern Ireland, improving basic skills should be a priority for the Northern Ireland Executive. To achieve this, this Review suggests:
 - the delivery of support and training is needed to ensure that those in work with low skills stay employed;
 - Northern Ireland should ensure the flow of skills into the workforce remains strong through implementation of the Bain Review and early implementation of the 14-19 strategy to ensure that no young people fall through the gaps between the school and further education (FE) sectors.

- Improving basic skills in the current workforce must be the Executive's primary goal, through delivery of targets on functional literacy and numeracy and Level 2 qualifications;
- reviews of *Success through skills* and recent FE reforms should assess their effectiveness at delivering basic skills and increasing workforce training, including what can be learnt from the new system in England, and consider opportunities for greater collaboration with Ireland; and
- further work to explore whether additional support or incentives such as bursaries would be effective in increasing the supply and take-up of those skills most in demand by the economy.

2.1.11.2 Skills Strategy for Northern Ireland

The Skills Strategy, published in February 2006, is an overarching framework for the development of skills in Northern Ireland. It defined three different types of skills:

- The essential skills of literacy and numeracy and, increasingly, information and communications technology (ICT);
- Employability skills, including the key skills of team-working, problem solving and flexibility; and
- Work-based skills, specific to a particular occupation or sector.

It highlighted the need to focus on:

- Raising the skills of the current workforce;
- Enhancing the 'knowledge base' of those entering the workforce; and
- Addressing the employability skills of those not in employment.

2.1.11.3 Northern Ireland Workforce Development Forum Strategies (April 2009)

The role of the Workforce Development Forum is to identify and articulate the skills needs for the local economy of the area and to encourage and promote a strategic response to those needs from existing local public and private sector training providers, within the existing local resource allocation. The local Workforce Development Forum also advises and makes representations to DEL, and other government departments and agencies, on matters affecting the demand and supply of skills in the local area. It aims to contribute to the implementation of the Skills Strategy for Northern Ireland, *Success through Skills* and the development of a Regional Employment and Skills Action Plan.

The work of the Forum covers two main areas:

1. Matching local skills supply-demand on an on-going basis; and
2. Identification of emerging skills needs in the area.

WDFs have played a role in identifying particular skills issues and needs within their catchment areas.

2.1.11.4 Northern Ireland Skills Monitoring Survey (2008)

The most up-to-date Northern Ireland Skills Monitoring Survey available (2008) highlighted the problems being experienced by employers regarding investing in the training and development of employees. It reported that the lack of cover (58%) time (57%) and **funding for training** (53%) were the main barriers from employers that reported skill gaps in developing and maintaining workforce proficiency.

The proportion of employers funding or arranging any training in the last year rises from 64% amongst those with 1-4 staff to 81% for those with 5-10 staff. On-the-job training is more common than off-the-job training overall, and across different sizes of employers. The survey also provides sectorial information, for example, as many as a third of employers in the Wholesale & Retail, Transport & Communications and Other Services (37%, 33% and 31% respectively) sectors do not fund or arrange training for any of their staff.

Skills Gap

- Around one in seven employers (14%) identified a gap between the skills of their current employees and the skills they need to meet their business objectives. Of the employers identifying a gap between the skills of their current employees and the skills they need to meet their business objectives, 93% report that this has had at least some effect on their actual ability to meet business objectives, with this effect regarded as very significant for 17%.
- One in five employers (22%) report that they currently have proficiency-based skill gaps within their existing workforce, that's to say having at least one employee deemed not "able to do their job to the required level". Around 58,700 workers are currently reported by employers in Northern Ireland as having proficiency-based skill gaps. This equates to 8% of the total number of staff employed.
- Among employers with skill gaps, the most common skills reported as lacking are generic skills such as problem solving (60%), customer handling (57%), oral communication (50%) and team working skills (47%). Technical / practical skills are cited as lacking by half (50%) of employers reporting skill gaps amongst their workforce.
- Lack of experience or staff being recently recruited is the most frequently cited reason by employers for skill gaps, reported by 70% of employers with skill gaps. Insufficient training/development and partial completion of training programmes are other frequently given reasons for skill gaps (cited respectively by 46% and 45% of employers with skill gaps).
- Of those employers with skill gaps, nearly half (46%) reported that skill gaps have led to difficulties in their ability to meet customer service objectives. Around two in five (42%) reported skill gaps resulting in difficulties meeting required quality standards.
- The overwhelming response by employers in Northern Ireland to skill gaps within their workforce was to provide further training and development, with four in five employers with skill gaps (81%) responding in this way. Similarly, 46% report that they increased or expanded trainee programmes within their organisations.

Training and Workforce Development

- Around three quarters of employers (74%) reported that they had funded or arranged some form of training for their employees during the last year. Three fifths of employers (61%) provided on-the-job training and just over a half (53%) off-the-job training. Approximately one quarter (26%) reported that they had not funded or arranged any training for their staff.
- Employers who reported providing off-the-job training in the last 12 months did so for 247,000 of their employees, equating to 34% of the total number in employment within all establishments and 45% of those employed within establishments stating they had provided off-the-job training in the last 12 months. Employers provided almost two million off-the-job training days for their employees. This is the equivalent of every worker in Northern Ireland receiving 2.6 days off-the-job training over the course of the year.
- Of the employers funding or arranging off-the-job training, 58% reported that some of the training was designed to lead to a qualification.
- Of those employers that had funded or arranged off-the-job training in the last 12 months, four fifths (79%) reported that at least some of that training had been delivered by a provider outside of their organisation. By comparison, the majority of on-the-job training provided by employers was carried out by in-house services.

Training Expenditure

- Employer expenditure on training (including labour costs) in the 12 months prior to NISMS08 was £1.45bn. Labour costs of those receiving training and those delivering or organising training account for a large proportion of total training expenditure (51% and 32% respectively). Fees to external providers represent only 8% of total training expenditure.
- The average annual employer investment in training is equivalent to £2,000 per employee and £2,900 per person trained off-the-job.
- Large employers spend far less per trainee than small employers. The average spend per off-job trainee amongst the smallest employers (with fewer than five staff) is approximately £6,425 compared with £2,250 among those with 50 or more staff, demonstrating the marked economies of scale from which larger establishments benefit.

2.1.11.5 DEL – Forecasting Future Skill Needs in Northern Ireland (April 2009)

This report by Oxford Economics in association with FGS Consulting, forecasts the demand for skills in the short, medium and longer term under two economic growth scenarios (baseline and aspirational). It understands that higher skills are associated with higher productivity, higher wage levels and higher employment rates; and believes that skills should be an intrinsic part of achieving the goals set out in the PfG.

NI skill strengths

- Workforce skill levels have been improving steadily over the last decade;
- NI is 'within the pack' of UK regions for higher level workforce qualifications; and
- Most of the private service sectors have a broadly comparable concentration of graduates in NI compared to the UK average (though there is some potential for over-qualification).

NI skill weaknesses

- Graduate concentrations in agriculture, manufacturing, construction, retail and hotels & restaurants lag well behind the UK average (more likely a demand rather than supply issue);
- Under-representation of managerial and professional occupations; and
- Limited higher education subject specialisation / greater prevalence of general degree.

Relevant to this evaluation, the report highlights that **‘up-skilling the workforce matters’**. It suggests that In order to meet aspirational targets (and indeed even to support the projected baseline needs), **a considerable uplift within the existing workforce skills profile would be required**. Some of this occurs ‘organically’ as better skilled young people enter sectors and lesser skilled older workers depart, but nevertheless the research shows a significant requirement for up-skilling the existing workforce to support economic growth. For example under the baseline scenario, 9,000 workers with low qualifications are required to up-skill to a higher qualification, and consequently workers with intermediate qualifications are required to move up the skills ladder.

In addition, it outlines **managerial (and professional) weakness** in the occupational structure of the NI economy. Even accounting for sectorial mix, NI is some 50,000 managers and professionals short of what level would be expected if NI had the same sectorial managerial and professional concentrations as the UK average. This shortage is likely a function of the type of activities carried out in NI and the limited amount of higher end functions carried out in the region’s firms.

In terms of graduate subject diversity, the research suggests that the pool of graduates within the workforce has a rather ‘narrow’ unspecialised subject focus, which otherwise are essential for developing an innovative, export-led economy. **There is an overabundance of business and mass communications graduates and a notable under-representation of creative arts & design / arts and STEM graduates** (7,000 and 4,000 respectively). This may reflect demand as opposed to current supply (many may migrate out for work) but is nevertheless a notable facet of the NI economy. The analysis suggests that if a faster growth trajectory can be achieved - the aspirational scenario - there could be skill subject shortfalls emerging within the next decade (for example in some STEM, law and more commercially orientated creative / arts subjects). **This provides an important ‘early warning’ of future gaps which if unfilled would result in either lost economic growth or an increased dependence on imported labour** (which cannot always be guaranteed, especially if the exchange rate is unfavourable).

2.1.12 Summary

This section has demonstrated the importance skills plays in growing an economy. In particular research has highlighted the importance of management and leadership capabilities in order to ensure that managers can deploy best practice management techniques and get the best out of their workforces.

Other specific issues for Northern Ireland are:

- The need to focus support on those companies who are or have the potential to export, invest in R+D and innovate
- Raising the skill levels of those in employment
- Focusing on the skills needed to drive the economy.

2.2 Market Failure and the Rationale for Government Support

The terms of reference require a review of the original rationale for BITP; an assessment of whether market failure still exists and conclusions and recommendations developed on any need for government support.

2.2.1 *Original Rationale for BITP*

The aim of the BITP as it currently exists is to provide discretionary assistance to businesses to assist them become more competitive by developing the skills of their staff to create a skilled, trained and adaptable workforce, thereby improving the capabilities of the businesses' people and processes.

BITP, in line with the Commission's objectives, seeks to encourage Client Companies to achieve increased competitiveness and export potential through investment in training and development activities linked to capability improvement programmes. (**Source: BITP Appraisal Guidelines, July 2009**).

No economic appraisal was completed on BITP before it was set up; therefore we do not have evidence that the market failure was tested prior to the launch of BITP.

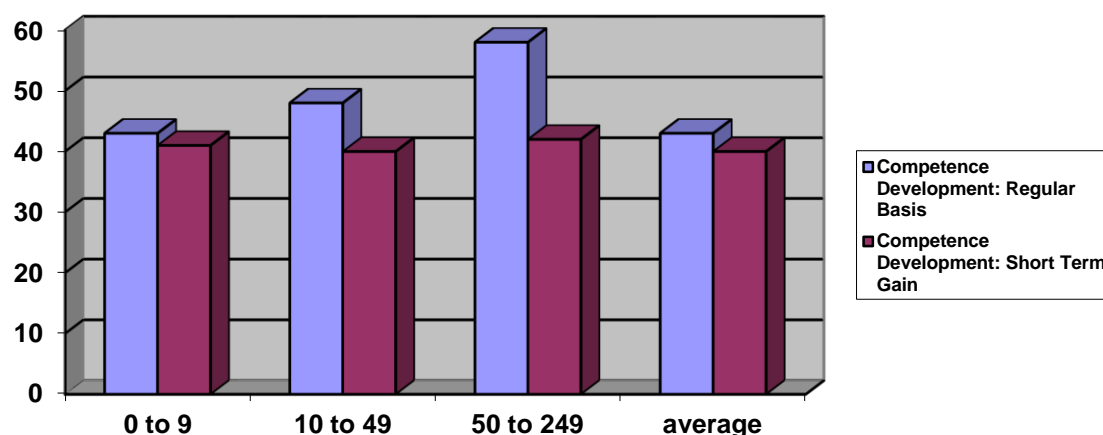
2.2.2 *Research into Market Failure regarding Government Investment in Skills*

Information on Market Failure in Skills Investment is patchy, and in fact market failures need to be looked at a sector and sub sector basis for them to be of any use in directing government policy. Despite this there are a number of areas where there is general acceptance that market failure exists and the main one here is SMEs.

a) SMEs (defined as companies employing less than 250 staff)

ENSR highlighted that small firms demonstrate a more short-term focus to people development than larger enterprises, with the critical size being those employing up to 50 people (see Figure 2.1 below).

Figure 2.1: Percentage of SMEs that state that their competence development activities are conducted on a regular basis/are aimed at economic returns in the short-term, by enterprise size



Source: ENSR Enterprise Survey 2002.

This research also highlighted that SMEs often rely on the owner manager to assess the training needs of the firm. 64% of companies employing up to and including 9 employees, rely on their owner to undertake this role, whereas only 15% of those companies employing 50-249 people rely on the owner. The survey also highlighted that only 15% of companies employing 0-9 staff, had a written plan for developing their staff, whereas 46% of companies employing 50-249 had a written plan (however, still leaving the majority of companies at this level without a plan).

THE ENSR Research also highlights that 61% of those employing 0-9 staff had no formal training activities, whereas this decreased to 30% for companies employing 50-249 people.

A European literature survey on the issue of barriers regarding investing in Training & Development provides the following results:

- Danish empirical evidence suggests that the main reason for not carrying out formal training activities is related to lack of time considerations. Other important reasons include, in this order, insufficient financial resources, lack of planning and, finally, lack of relevant training courses. The typical SME is driven by short-term business pressures and is looking for quick and easy solutions that, very often, cannot be provided by some forms of competence development. This problem is often aggravated by the owner-managers' awareness of the failure risk of long-term investments in competence development.
- SMEs are also particularly affected by the cost of developing the competence base of their workforce, especially if the expected economic returns are not very clear. Such costs include the direct expenses (i.e. a training course), and also the costs related to the absence of an individual employee. The latter costs are relatively high for small firms, since there are few colleagues to fill the absence. The SMEs' financial constraints may

make it even more difficult for them to participate in these activities. Up to 65 % of Portuguese enterprises that recognise short and medium-term training needs intend to apply for official support in order to organise or take part in vocational training initiatives, where this result reveals an important dependence on external financing in this Member State.

- Some authors argue that the owner entrepreneur/management team's negative attitude to change is also an important barrier for competence development activities. Linked to this point, SME entrepreneurs are very often reluctant to invest in people bearing in mind the possibility of skilled labour being 'poached' in imperfect labour markets, which in contrast may foster SMEs to 'buy in' skilled employees rather than invest in developing their in-house competence base. Leroy speaks of the 'competence paradox', which means that enterprises that invest in their employees' competence development simultaneously increase the possibility that these employees will leave the company. In fact, most SMEs believe it to be the individual rather than the enterprise that benefits mostly from the learning activities.
- Another important barrier is that SME entrepreneurs are often not able to diagnose their own competence needs effectively. The entrepreneur's limited information and contact with sources of competence results in a limited overview of the opportunities available and links to their workforce's competence needs. Notwithstanding this, the ENSR Enterprise Survey 2002 results show that only a small minority of SMEs admit to having difficulties both to identify skill needs and find valuable sources of competence (15 % and 19 %, respectively).
- SMEs are often critical about the quality, extent and orientation of the existing supply of formal training and external advice. Too theoretical and seldom tailored to the individual SME needs are common criticisms. Austrian evidence shows that, as far as external formal training activities are concerned, the competence of the provider is a factor equally important as price considerations since, for many SMEs, there is often a significant gap between the business-driven needs of SMEs and the mainstream adult education curriculum.
- In some cases, employees themselves may be a barrier to the upgrading of their competence levels, especially if they are unconvinced of the benefits of learning (i.e. due to the low career development chances), they are afraid of further responsibilities derived from them or they have limited time (i.e. persons with family responsibilities). Dutch research suggests that many small enterprise employers believe that if employees are not motivated enough to take the initiative themselves, they should not be pushed to do so.
- In addition to these demand-side barriers, learning suppliers (especially those providing formal learning activities such as Colleges or Universities) find important barriers to working with SMEs because of different cultures, difficulties to make learning a practical possibility or respond to the SMEs' time constraints, etc.

b) Management Practices

Management Matters in Northern Ireland (NI) and the Republic of Ireland (ROI) is a study published in June 2009, based on the management practices in use in the ROI and NI⁴.

In this study researchers carried out structured interviews on management practices with plant managers in over 150 manufacturing firms in ROI and over 120 in NI. The research focused on firms with more than 50 employees, as these firms account for more than 92% of the Gross Value Added (GVA) in ROI, and 75% of the GVA in NI. The survey results were compared with those from similar interviews with over 5,000 manufacturing firms in 14 other countries in Europe, Asia and the Americas.

The research found that firms that are good at deploying accepted best-practice management techniques perform significantly better, in economic terms, than those that are not. **They found there was a significant gap between the scores in both ROI and NI and those in the countries with the best management practices.** (Looking at the average management practice scores of all the countries surveyed, both ROI and NI lie below the global average and below Great Britain in the ranking of countries.)

The research identified seven structural factors that appear to account for a significant part of the variation in management practice scores between countries. These include:

- **Firm size:** globally, larger firms are found to have better management practices than smaller firms, (The manufacturing base in ROI and NI includes a high proportion of smaller firms);
- **Ownership:** management practices vary with ownership type and that firms owned by dispersed shareholders generally have the best management practices. (ROI and NI have a high proportion of founder-owned and family-owned firms);
- **Skill levels:** the more educated its workforce, the better the management practices a firm deploys. (In ROI and NI, relatively few managers and non-managers in manufacturing firms have degrees);
- **Sector:** Management practices also vary significantly by sector, and high value manufacturing firms in all countries surveyed have better management practices than the others;
- **Labour flexibility:** Firms in flexible labour markets tend to have better people management practices than firms in markets where labour rigidity rules;
- **Presence of multinational enterprises (MNEs):** Multinational enterprises, both domestic and foreign based, tend to have better practices than local firms in all countries surveyed; and
- **Competition:** Globally, high levels of competition are associated with good management practices.

⁴ McKinsey & Co, along with Stanford University and the London School of Economics, has carried out an assessment of management practices and their effect on productivity for a number of national economies over the past seven years.

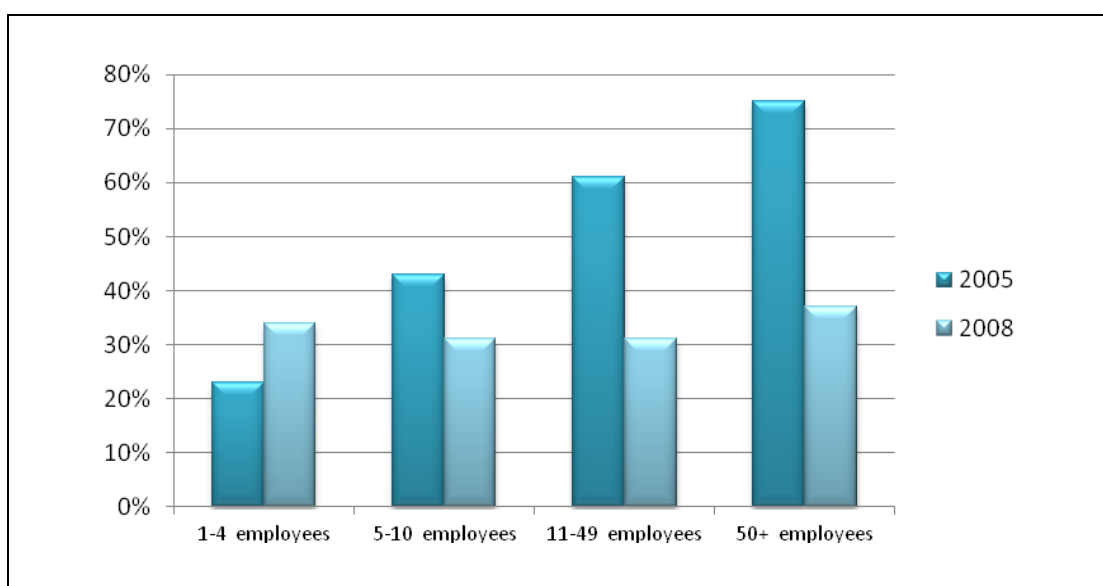
The report recommended that NI should focus support on those firms where the quality of management practices is currently below average also helping them improve their management practices. Bringing the firms rated below average up to the average level in each country by increasing their average management practice scores by one third of a point, would result in **an increase in the sector's GVA of £150m-£300m in NI.**

BITP needs to demonstrate that it is improving operational management and leadership within NI businesses. This in turn will lead to a more efficient and productive workforce, all of which will have a positive effective on the NI economy, allowing it to catch up with other regions in terms of management skills, productivity and output.

c) *Economic Context*

At an economic level, there is evidence of market failure in Northern Ireland regarding the skills of the workforce and the investment needed against what is actually being made. The economic downturn is having an impact on companies, for example Northern Ireland companies sized above 4 employees have significantly decreased their investment in off-the-job training since 2005:

Figure 2.2
Proportion of staff receiving off-the-job training by employment size.

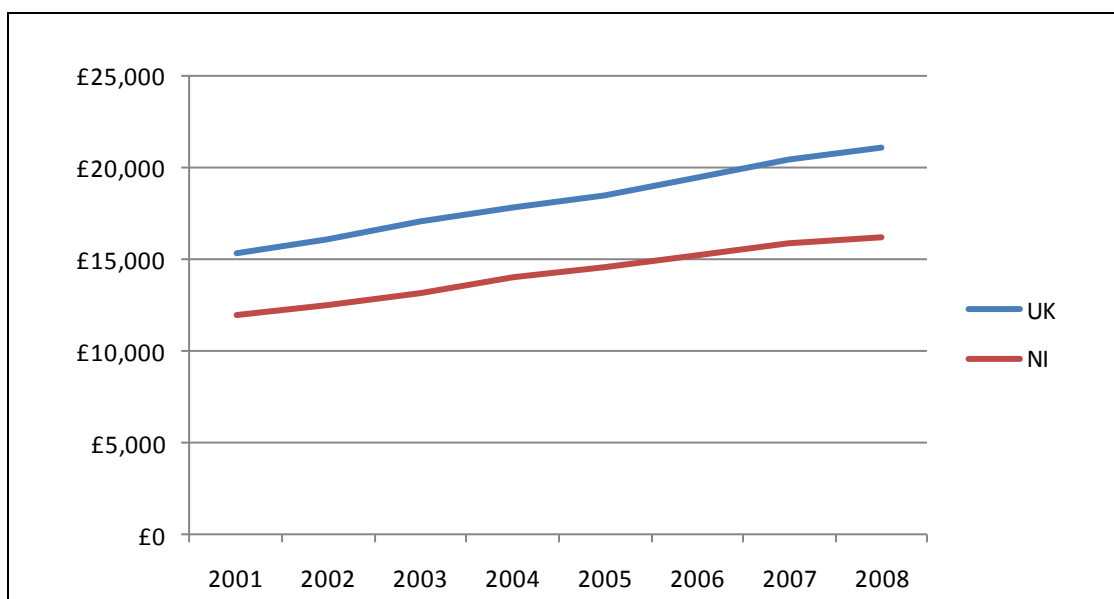


Source: The Northern Ireland Skills Monitoring Survey 2008

There is a specific gap in exporting / sales / business development and skills /expertise in NI; and given that this is related to the overall success of the economy, it is important that these skills are developed;

Overall, the productivity per employee is significantly lower in Northern Ireland in comparison to the UK and skills development makes a significant contribution to productivity.

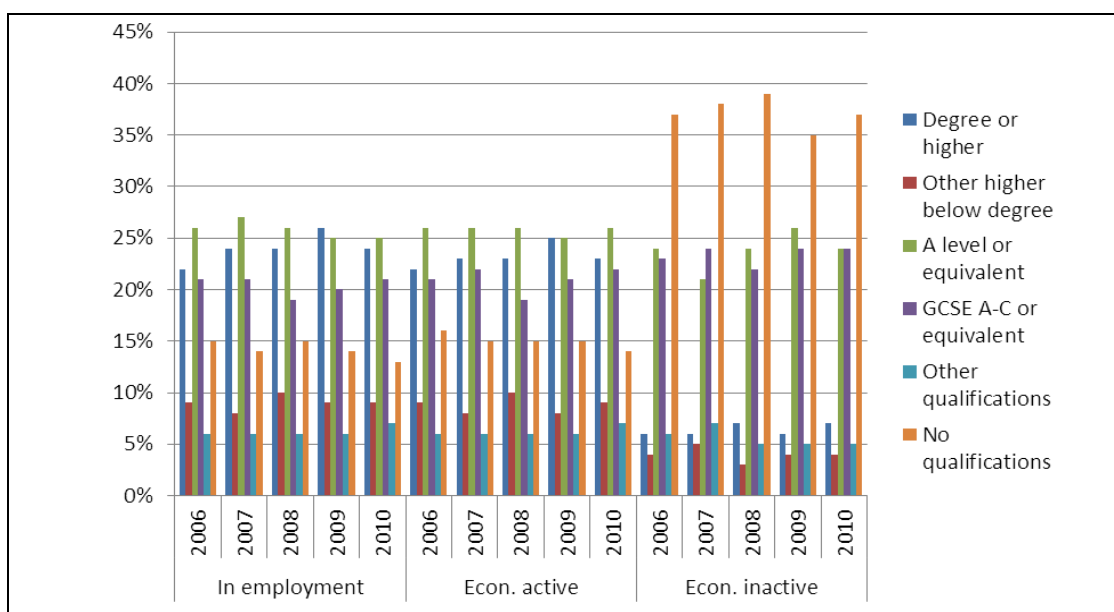
Figure 2.3
GVA per head 2007 NUTS1(Nomenclature Of Units For Territorial Statistics)



Source: DETI Statistics

- Due to the skills deficiencies in NI, it is essential that Government policy tackles these gaps to both develop existing companies and also to ensure that FDI projects are encouraged to see NI equal or better than its competitors on the skills issue.
- There is still a large percentage of working age population in employment with no qualifications, which are estimated to be 70% of the 2020 workforce:

Figure 2.4
Qualifications Economic Activity (Working-age)



Source: Labour Force Survey 2010

- Although the majority of respondents to the NI Skills Monitoring Survey (2008) indicated they believe staff have sufficient skills to do their job, 25% indicated that off-the-job training was not provided due to costs of training.

Figure 2.5

Reasons for not providing training in the last 12 months, 2008



Source: The Northern Ireland Skills Monitoring Survey 2008

Rationale for BITP support 2011 and on

In reviewing the policy context, it is clear that:

1. The Economy is a key priority for government under PfG 2008-11;
2. Skills are one of a number of key enablers that help companies improve and develop their productivity and competitiveness;
3. Government is focused on prioritising where they invest to ensure they can get the maximum returns for the economy. As a result DETI/ invest NI support will be prioritised on local growth companies who are exporting or planning to export and/ or investing in R+D. Also they will support inward investment projects that can deliver employment with salaries above the private sector median.

In reviewing the research regarding skills investment in NI, it is clear that government support is needed in a number of areas where there are specific market failures. However, caution is needed about categorising these as there will be companies under each of these who do not need government support and therefore whatever focus is taken there is a need for support to be looked at on a case by case basis. The priority areas are:

SMEs: There is a clear rationale first and foremost for government support into SMEs in particular as they are clearly experiencing the most difficulty in funding and sourcing the training and development they need to improve their workforce skills. However, research has also shown that there is a need for the training and development support to be part of an overall support plan which ensures that SMEs are practicing best practice HRM policies and procedures, in order to ensure that the companies are able to make best use of the skills being developed.

Management Competence: Northern Ireland has lower levels of management practice compared to other best practice countries and that there were specific market failures for small firms, owner-managed /family owned firms; those with low levels of workforce education; low value add sectors (as they find it the most difficult to invest in management development)

Low Education/ Skills Base: There is also a clear link between the education and skills base in companies and their productivity and performance. Northern Ireland has a low skill base, and it is important that those companies who **would not invest** in skills development are incentivised to do so in a way which will drive business growth. Government has made clear its priority is to focus support on those companies that are growth focused and therefore will provide the best return back into the economy. Companies who do not tend to invest sufficiently in T+D will be as already noted often SMEs, but they are also those regardless of size that are operating in low margin sectors, uncertain environments where there is a focus on the short term survival.

Inward Investment: The need for support to some inward investment projects cannot be overlooked. Northern Ireland is competing against many other parts of the world to encourage mobile projects to set up in the province. For these projects, NI must be able to provide similar if not better supports than elsewhere. In these cases, training and development of workforces to meet the specific business needs of companies can be critical and in these cases training and development type supports will be essential.

Other supports as well as funding: It must also be noted, however, that many companies not only need funding support, but help in identifying their priority needs and planning their training development. One without the other could result in the investment being less effective than it could otherwise have been.

Summary

Overall, there is a need for improvement of the skills and abilities of the Northern Ireland workforce if the economy is to grow. As presented, research has provided evidence that human capital is an important factor in individual, firm and national economic growth. This outlines the positive contribution of training, and more generally of the level of manpower qualifications and skills, to firm productivity, competitiveness, innovative capacity and adoption and adaptation of new technologies; which are important factors in national economic growth.

Information on Market Failure in Skills Investment is incomplete, and in fact market failure needs to be assessed at an individual company level to ensure that the max return is achieved for any government investment. However, there are a number of areas where companies are more likely to experience market failure and these are SMEs, Low Value Add sectors; Owner Managed/ Family owned companies. However, this assessment also needs to consider the need to develop workforces so that they are sufficiently attractive to FDI projects, to allow NI to compete on a world stage for mobile projects.

3 PROGRAMME DETAILS

3.1 Background

The Business Improvement Training Programme (BITP) can trace its origins back to the Manpower Training Scheme (MTS), which was replaced in 1991 as the 'Company Development Programme' (CDP). Initially, CDP was managed by the then Training and Employment Agency (T&EA), who placed an emphasis on management development, and the link between people development and business objectives more generally. This focus set CDP apart from its MTS predecessor.

The creation of CDP also heralded a move away from the provision of financial support for in-house training within companies. The focus changed to the encouragement of externally provided training and the development of internal company training support structures, allowing CDP to withdraw once training had become sustainable.

In 2005, an evaluation of CDP was undertaken and 13 recommendations were suggested, the implementation of which led to the launch of the BITP in 2005.

Since 2007 the scheme has received funding through the European Regional Development Fund (ERDF) and since January 2009 the scheme has been operating under the General Block Exemption Regulations (GBER) (EC reference X73/2009).

3.2 Aims and Objectives

The aim of the BITP is to provide discretionary assistance to businesses to assist them become more competitive by developing the skills of their staff to create a skilled, trained and adaptable workforce, thereby improving the capabilities of the businesses' people and processes.

BITP, in line with the European Commission's objectives, seeks to encourage Client Companies to achieve increased competitiveness and export potential through investment in training and development activities linked to capability improvement programmes. Also, BITP is a key element of Invest NI's support in attracting inward investment and has also been instrumental in supporting major expansion projects of established companies.

3.3 Training Activities Supported and Eligible Costs

3.3.1 Training Activities

The BITP programme requires companies to place their training programmes in context of their strategic business activity, and as such to consider both the strategic and operational relevance of the proposed training activity.

BITP provides support for 'specific training' and 'general training':

- (a) **Specific Training** or training which benefits only the company receiving the assistance. It means training involving tuition directly and principally applicable to the employee's present or future position in the undertaking and providing qualifications which are not or only to a limited extent transferable to other undertakings or fields of work;

(b) General Training or skills development where there is deemed to be a wider benefit to the economy. It means training involving tuition which is not applicable only or principally to the employee's present or future position in the undertaking, but which provides qualifications that are largely transferable to other undertakings or fields of work.

This training needs to be recognised, certified or validated by public authorities or bodies or by other bodies or institutions on which a member state or the Community has conferred the necessary powers.

Applicants are required to align their proposed training activity as broadly categorised under the following themes:

Table 3.1

BITP – Training Activity Categories

Theme	Example Training Activities
Management Development	Leadership Skills; Management Skills; Supervisory Skills
Technical Skills	Training on Equipment Use; Core Operations; Production/Processes; IT Training; Business Improvement Techniques; Health & Safety Training (Non statutory only)
Soft Skills	Communication Skills; Time Management; Team development ; Presentation Skills; Project Management
Functional Skills	HR Skills; Sales Skills; Marketing Skills; Finance Training
Note: The examples in this table were provided for guidance purposes, not as an exhaustive list of training activities under each theme. Source: BITP Appraisal Guidelines (30 th July 2009)	

3.3.2 Eligible Costs

The following costs associated with a training aid project are eligible for assistance under the BITP:

- Trainers' personnel costs;
- Trainers' and trainees' travel expenses, including accommodation;
- Other current expenses such as materials and supplies directly related to the project. This includes training materials and facilities (including hire of venue and minor building works);
- Depreciation of tools and equipment, to the extent that they are used exclusively for the training project;
- Cost of guidance and counselling services with regard to the training project; and
- Trainees' personnel costs and general indirect costs (administrative costs, rent, and overheads) up to the amount of the total of the other eligible costs referred to in points (a) to (e).

3.3.3 Ineligible Costs

Ineligible expenditure is determined by the additionality criteria which excludes training that would normally take place within a company including induction and training mandated under statutory legislation. Examples of ineligible costs include:

- Health and Safety (Health and Safety training which is not statutory may be included);
- First Aid;
- Abrasive Wheels training;
- Fork lift/Pallet truck driver training;
- Equality legislation training;
- Pension schemes, VAT and Income Tax; or
- Preparation for retirement training.

Other ineligible expenditure includes:

- Agency staff management fees/commissions; and
- Approval for training cannot be given retrospectively as additionality criteria would not have been satisfied.

3.4 Target Businesses and Projects

The BITP programme is open to manufacturing and internationally tradable service companies located within Northern Ireland that meet Invest NI's Client Company criteria; across all Invest NI categories.

The programme is also open to Foreign Direct Investment (FDI) companies wishing to establish a manufacturing or internationally tradable service business within Northern Ireland.

Selection Criteria

BITP is expected to focus on those projects that demonstrate the greatest potential to generate economic growth and prosperity for Northern Ireland and the additionality of every project is considered by the Advisor.

All projects must be viable, show a need for Invest NI support, and generate a positive return to the economy. Consequently, applications will be assessed against **some or all** of the following criteria:

- level of innovation;
- level of ambition/scale of project compared to previous training activities;
- market need, commercialisation opportunities and ability to export;
- competence and skills of project team;
- capability to deliver completed project;
- ability of project to proceed without grant support; and
- wider economic & social benefits accruing to Northern Ireland.

Eligible projects must be:

- Related to management and workforce development needs;
- Linked to business performance improvement; and
- New and additional to any training that would normally take place within the Company.

Ineligible Activities

BITP does not aim to fund routine projects that do not represent a significant development initiative on the Client's part, or projects that would have happened in any case without Invest NI support. BITP does not support training that is mandated under statutory legislation.

Incentive Effect

Applications for BITP support must demonstrate that BITP assistance will result in at least one of the following:

- A material increase in the size of the training project;
- A material increase in the scope of the training project;
- A material increase in the total amount spent by the Client on the training project; and
- A material increase in the speed of completion of the training project.

3.5 Funding

The rate of assistance is determined by those areas addressed during the appraisal process and is set out to be the **minimum necessary** to ensure that the project takes place. The BITP does not have a lower funding threshold.

As per the European Commission guidelines, the maximum levels of aid intensity awarded depends on three main factors:

- Company size;
- Nature of projects (Specific Training or General Training project); and
- Training of disabled or disadvantaged workers.

In addition, the rate of assistance is influenced by the following factors:

- The additionality of the project;
- The level of development/ advance for the Company;
- The project's contribution to National Efficiency and the benefits to the Northern Ireland Economy;
- The market opportunity; and
- The project's compatibility with the company's strategic business plan.

The table below presents the maximum aid intensity:

Table 3.2

BITP – Maximum Aid Intensity by Factor

Training	Basic Aid Training	Increased ceilings for SMEs			Disability / Disadvantaged		
		Small	Medium	Large	Small	Medium	Large
		20%	10%	0%	10%	10%	10%
Specific Training	25%	45%	35%	25%	55%	45%	35%
General Training	60%	80%	70%	60%	80%	80%	70%
Notes: * Where a project involves both Specific Training and General Training components which cannot be separated for the calculation of the aid intensity, and in cases where the specific or general character of the training aid project cannot be established, the aid intensities applicable to specific training are applied.							
Source: BITP Appraisal Guidelines (30 th July 2009)							

In summary, the basic aid intensity can be increased based on size of the company (by 10% for medium-sized companies and by 20% for small enterprises) and further increased where the training is given to disabled or disadvantaged workers.

BITP casework includes the following calculations:

- Gross Training Costs: all costs associated with the relevant training activity;
- Invest NI's % Contribution: contribution as a % of gross training cost - % must not exceed 50% of gross training costs; and
- EU & BITP Eligible Costs: contribution as % of EU eligible costs which must not exceed maximum % contribution stipulated in the EC's General Block Exemption Regulation relating to Training.

3.6 Project Appraisals

The following areas are specifically assessed at application stage:

- Alignment of the training plan with company strategy and the quality of the supporting information
- Whether the company has access to the necessary managerial competencies to successfully complete the project (note the project will not be assisted if the management competence does not exist to deliver the project)
- Whether BITP investment in terms of financial assistance will have an adequate prospect of a return in terms of financial and wider economic benefits – e.g. social, knowledge, spill-over, supply chain
- Value for money and wider economic benefit
- Contribution of project to achieving Invest NI's objectives and PSA's
- Mobility

As will be demonstrated in section 3.7, a number of these changes were introduced in the last 2 years in an effort to improve additionality and the link between businesses strategic goals and skills investment.

3.7 Changes in emphasis from CDP to BITP

3.7.1 Company Development Programme (CPD)

The predecessor to BITP was the Company Development Programme (CDP). When CDP was evaluated in 2005 highlighted that CDP was highly focused on Manufacturing and there was a need to ensure that the Services Sector received more emphasis. This links with the focus on priority skills through the DEL/ Invest NI Expert Skills Group. There were also concerns about the low levels of additionality of its support.

3.7.2 Recommendations behind the move to BITP

SQW's evaluation of CDP covered the period from 1996 (the date of the last external evaluation) to 2004 and made 13 recommendations. The table below presents these recommendations and provides evidence and progress to date:

3.8 Performance and Impact of BITP

In this section we review the progress made with BITP since the last evaluation, the performance against BITP targets and VFM

3.8.1 The Development of BITP since 2006

The predecessor to BITP was the CDP (Company Development Programme) and it was evaluated in 2005, with recommendations set out for 2006 and on. The table below presents these recommendations and provides evidence and progress to date:

Table 10.1

Company Development Programme – Recommendations from Evaluation in 2005

Recommendation	Evidence
CDP's role as a business improvement programme should be explicitly stated in a new ROAME statement, appropriate to Invest NI's strategic purpose and objectives	<p><i>This recommendation has been partially actioned.</i></p> <p><i>A ROAME statement was produced in 2005. BITP Objective: the key objective was given as providing support to NI companies committed to increasing their competitiveness and export potential through investment in T+D linked to business improvement projects.</i></p> <p><i>SMART targets were not set- although INI's operating plan contains targets regarding the number of companies to be supported annually.</i></p>
Consideration should be given to how CDP's role as a business improvement programme could be better communicated to potential clients and the wider audience, through marketing or perhaps rebranding of the Programme	<p><i>This recommendation has been actioned. CDP was rebranded as BITP in 2006 and there was a change in emphasis to Business Improvement.</i></p> <p><i>The emphasis at first was to ensure that Client Executives were aware of the main change in the programme, namely the focus on performance improvement. This was in line with the CDP action plan developed in 2005 regarding the SQW recommendations.</i></p> <p><i>More recently in 2009, marketing materials were developed which could be used directly with clients.</i></p>

Table 10.1

Company Development Programme – Recommendations from Evaluation in 2005

Recommendation	Evidence
	<p><i>These are included on Invest NI's web site, for clients to access directly. The rebranding of the programme has been successful with existing clients and this is clear from the survey results as they have highlighted their awareness of the need to link Skills Development to Business Needs.</i></p> <p><i>It is not clear that Invest NI has been successful in marketing the new BITP programme to small companies- and this evidence has been highlighted in the focus group findings.</i></p>
<p>CDP needs to be better integrated into Invest NI's portfolio of business improvement initiatives, especially the People Excellence Framework</p>	<p><i>This recommendation has been partially implemented. The CDP action plan developed by Invest NI regarding the SQW recommendations- highlighted that CDP would be better integrated into BIS solutions and details would be included in the new ROAME statement.</i></p> <p><i>This information is not included in the ROAME paper, however all clients have a BHC completed on them and this review details the support required and demonstrates how the various BIS solutions could work together.</i></p> <p><i>It is however an area where further work is required. Note: People Excellence was replaced by People Solutions in 2007. Our research in section 2 highlights the importance of ensuring that companies have best practice HRM systems in place in order to ensure that the training and development monies invested are VFM. We therefore feel this is an area which requires further action.</i></p>
<p>Invest NI should encourage Programme users to gauge the impact of a CDP project on the basis of a Return on Investment calculation, for example using an Internal Rate of Return methodology. This would usefully fit with existing pilot work being undertaken by Business Improvement Services.</p>	<p><i>This recommendation has not been implemented. It was not covered in the INI – CDP action plan 2005 based on SQW recommendations- so we do not have any information on the intentions at that time regarding implementation.</i></p> <p><i>Invest NI have been working with the Invest NI economist to develop an Impact Measurement Model which will detail not only the economic but the social impacts associated with Training and Development.</i></p> <p><i>However in the absence of a ROI model, BITP has focused the support on delivering operational improvements and these are set as specific indicators for clients based on their submissions to INI.</i></p>
<p>Where it is practical to do so, CDP should seek to align its activities to the wider skills needs of the economy in terms of increasing Northern Ireland business competitiveness (for example, a focus on NVQ levels 4 and 5, where Northern Ireland is underperforming)</p>	<p><i>This recommendation has been actioned where it is appropriate to do so. BITP letters of offer include the need for companies to focus on achieving qualifications, where these qualifications are relevant to the business need which has been identified. The work has not been focused on specific NVQs, but on the needs of the project at a company level. We have seen examples of the qualifications supported and these include: NVQs in Business Improvement, Learning and Development, Welding, Mechanical Manufacture, Engineering, Supply Chain Mgt, Plant Maintenance, Warehousing, Welding, Lift Installation. The levels of qualifications vary from Level 1 to level 6.</i></p>
<p>The rate of intervention for CDP should be</p>	<p><i>This recommendation has been actioned. There is</i></p>

Table 10.1

Company Development Programme – Recommendations from Evaluation in 2005

Recommendation	Evidence
<p>decided on a project-by-project basis, but there needs to be a greater demonstration that project costs and rates are undergoing sufficient challenge during the approval process</p>	<p><i>evidence from the survey responses that highlight the high degree of additionality demonstrating a stronger emphasis on supporting only those project that need govt support to move ahead.</i></p> <p><i>We have also reviewed a number of the Case Submissions and we see evidence of the INI Executives having recorded that they have challenged the client companies in their needs assessment.</i></p> <p><i>INI BIS executives have completed training on negotiation with clients in 2009, BIS executives completed the operational guidance training in June 2009.</i></p>
<p>Accessibility to a first CDP project should not be restricted beyond the existing eligibility rules.</p> <p>However, subsequent projects should be more discretionary and demonstrate a specific need for on-going support, reflecting the need to help move firms into the market</p>	<p><i>This area has been actioned. INI have sought to reduce levels of support to clients returning to BITP. The exception to this has been the economic downturn in 2008/9 which resulted in INI providing support to allow skills and resource retention within companies. Invest NI do not provide support for skills development projects previously supported with the same trainees.</i></p>
<p>CDP should be more effectively targeted at firms that can best be assisted by the Programme, irrespective of sector or size. In line with the wider aims of Invest NI, CDP should be targeting companies, or specific projects within companies, that demonstrate growth hunger and potential</p>	<p><i>This has been actioned; however the economic downturn has made this situation more difficult, as companies' battle with the economic downturn.</i></p> <p><i>Invest NI assessment processes (see section 6) require companies to demonstrate growth potential. More recently, BITP support is being focused on those companies seeking to export, invest in R&D and/or increasing productivity.</i></p>
<p>CDP needs greater tailoring to the needs of smaller businesses, in particular its ability to respond quicker. Administrative processes need to be proportional to the scale of the client company and consideration should be given to providing greater assistance with the organisation of the training provision for small firms</p>	<p><i>This is an area has not been actioned. The CDP Action plan highlighted that it was an area that needed action and that it would be dealt with in the ROAME statement. The ROAME statement noted that there would be increased help from BIS advisers as noted above.</i></p> <p><i>Many of the processes within BITP are the same regardless of the size of the company. However, the key difference is that companies seeking small scale support do not need a full commercial appraisal.</i></p> <p><i>BIS does support mentoring of SMEs to produce their training plans. However, this is limited and it is an issue highlighted as needing action from the surveys.</i></p>
<p>Business Improvement Advisors need to be better at assessing the case for support; as part of this, they should be helped to develop negotiation and assertion skills to enable a more rigorous approach to agreeing subsidy levels and project outputs; further training on additionality would also be beneficial</p>	<p><i>This area has been actioned. Business Advisors have been trained in BITP related training over the last few years since the SQW report, and the survey results demonstrate that they have improved their ability to negotiate packages.</i></p>
<p>CDP agreements should specify that client companies review their business performance in the light of CDP support one full year after a project has been completed, with a specific focus on return on investment</p>	<p><i>This area has been partially actioned. Annual Review reports are required and the number completed has increased significantly over the last 2 years. There is insufficient focus on ROI.</i></p>
<p>CDP should celebrate the successes of the Programme among its client group</p>	<p><i>This area has been actioned, but further work is required. Case Studies on successful BITP cases have been prepared and PR has been used to try and profile these,</i></p>

Table 10.1

Company Development Programme – Recommendations from Evaluation in 2005

Recommendation	Evidence
	not with a great deal of success. Note: we feel that PPE reports could be better developed to support this.
Better internal monitoring and real time tracking is required to ensure that Invest NI understands what it is 'buying' in terms of the training and development projects it supports through CDP.	This area has been partially actioned. This area has been developed in that INI can check to see if monitoring reports are in, however it does not yet qualify as a real time monitoring given that there are only annual reports on the system. There is a need to have the costs and benefits- Actual and Projected- available to INI so that the impacts being achieved or not, can be more easily identified and tracked.
Source: SQW Evaluation of the Company Development Programme (CDP), January 2005 and analysis completed by FGS McClure Watters.	

The BITP team have been successful in implementing a significant change in culture within the team. The Business Advisors are now focused more on challenging client companies on their projects, the costs and additionality. The impact of these changes has been demonstrated in the client survey responses which are detailed in the performance section of this report. However, as shown above approximately one third of the recommendations set out in 2005 have not yet been implemented. The economic downturn can account for a change in focus for the BITP team over the last year, as they sought to provide support to companies experiencing trading difficulties. However, the areas not actioned still remain valid and are developed as we review Invest NI procedures in later sections of the report.

Note: The SQW evaluation was published in January 2005. BITP Guidelines were issued in October 2005 but were completely revised in 2009 to take into account the changes in the scheme including the new European aid rulings (General Block Exemption Regulations).

3.8.2 *Small versus larger Company Support*

Invest NI does not have separate application forms for small companies compared to the larger companies, but firms seeking support of less than £250k are not required to have a commercial appraisal completed, whereas those seeking £250k and above do. Note where a company has completed a commercial appraisal in the previous 24 months or where the company is currently undergoing a commercial appraisal as part of SFA, then this is not required.

3.8.3 *Economic Downturn effect on BITP*

In 2009, as a result of the economic downturn BITP helped companies not only grow and develop but also if appropriate to upskill their employees in order to assist them through the recession and/or get employees ready for the projected up turn. Invest NI responded to clients' needs on a case by case basis. The projects were assessed as set out previously.

3.9 Fit with other Invest NI and Public Sector Interventions

3.9.1 Introduction

This work stream has involved assessing the

- Fit between BITP and other BIS supports such as the HR range of supports already referred to in section 3
- Fit with other Public Sector supports e.g. DEL and Council programmes

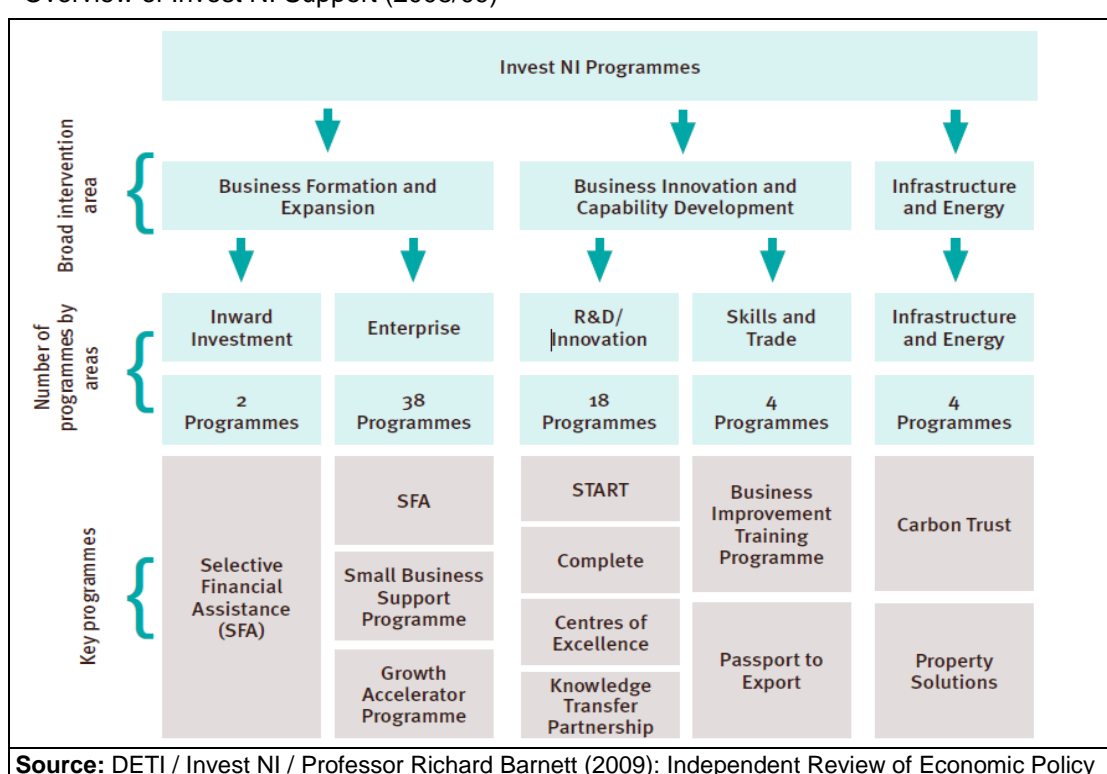
3.9.2 Invest NI Supports

In the IREP report in 2009, it was highlighted that there was a need for Invest NI to reduce the number of supports it had. In Figure 3.1 below we set out the range and number of programmes that existed within Invest NI in 2009.

The BITP sits within the area focused on Business Innovation and Capability Development. Within this area, there are 22 programmes available to client companies. There is a process which seeks to ensure that client companies are referred to the programmes which are most appropriate to their needs.

Figure 3.1

Overview of Invest NI Support (2008/09)



Within Invest NI, each client company has a designated Client Executive and he/ she works closely with the company to assess their needs through a Business Health Check and to plan the supports that Invest NI can provide in line with needs to ensure that the company can improve its productivity and competitiveness. Invest NI has been increasing its focus on

innovation over the period of the corporate plan. The Innovation Programmes are under 5 themes namely: Capability, Product, Process, Export and Investment.

In reviewing Invest NI supports, it is clear that there is no other programme providing funding to support the costs involved in developing the skills of employees within client companies in line with their business needs.

However as we have highlighted throughout the report, to be productive and competitive companies may need training and development to help them deliver on some or all the factors that drive profitable growth such as:

- Management and Leadership skills and expertise;
- The necessary skills to manage R+D
- The necessary skills to export effectively
- The necessary skills to be innovative, efficient and effective.

Skills Development support is therefore integral to the success of some if not all of the other programmes within Invest NI including SFA (Selective Financial Assistance support).

We found however that whilst Invest NI has a system which records all the supports going into their client companies, the system does not record the information relating to the impacts gained from these supports. The monitoring and impact information is kept on a separate system. We cannot record for example at this stage the number of clients accessing exporting, R+D, and/ or innovation support that are also accessing BITP support and review the total supports against impacts⁵. This we feel is important as in section 2 we have noted that government has noted the importance of prioritising support into companies that are growth focused and which are investing in exporting and R+D.

The Client Executives have indicated that BITP is the second most sought after form of support into their client companies after SFA (this means the second support that clients look for the most); however there is still evidence that despite referring clients many of the CEs have little or no awareness of BITP progress and impacts. The information on the CCMS allows CEs to see that monitoring or impact information exists and they can access the information on the other system, however few do. CEs felt that the monitoring of the BITP impacts was the responsibility of the BAs. However the information collected is not being appropriately shared with the CEs and this leaves a risk that issues being identified in the BAs reports may not be always followed up especially in they are non-skills related issues. We understand that this information is available to CEs through using CCMS and Meridio, although it is clearly not widely known based on our focus group feedback.

We understand from Client Executives that BITP is use both, alongside SFA support to mobile international projects to ensure they can get the local resource trained to levels required; whereas for existing indigenous companies the BITP support will tend to be a stand-alone package which is there to support the company increase its competitiveness.

⁵ We recognise that INI can through Cognos (Cumulative Assistance Report) access information on the financial support offered since 2008, but it does not record impacts.

3.9.3 DEL Supports

DEL has a range of supports in place including leadership and management events; DEL's Management Analysis and Planning Programme (MAP); INTRO Graduate Programme; LEADERS for tomorrow; the Meridian Programme and the MLDP. All of these programmes exist to provide management development, leadership and skills development to SMEs; however these supports are not available to Invest NI client companies.

Leadership and Management

The Department for Employment and Learning's (DEL) Leadership and Management skills development programme for 2010, Made Not Born, was officially launched in November 2009. The overarching aim of the campaign is to show Northern Ireland businesses that by simply adopting good management practices it is possible to achieve far reaching business benefits, including increased productivity, better return on capital and more robust growth. To date over 800 local SMEs have attended the road shows and Masterclass events.

The supports are as follows:

- **Management Analysis and Planning (MAP);**
- **Management and Leadership Development Programme (MLDP);**
- **The INTRO Graduate Programme; and**
- **The Meridian programme.**
 - **Management Analysis and Planning (MAP)** – delivers an analysis of the training needs in a SME. DEL covers the cost of the business analysis (£1,000) and provides up to a further £6,000 of funding (on a 40% basis), towards development activities arising from the completed training and development plan. From 2 March 2009, for a limited period, the Department provided financial assistance of up to £6,000 on a 100% basis, towards development activities arising from the completed training and development plan.
 - **Management and Leadership Development Programme (MLDP)** – DEL provides 100% financial assistance towards the training costs for approved management and leadership courses since 2 March 2009.

This financial support is available to Small to Medium-sized Enterprises and Social Economy Enterprises. The programme is open to managers at varying levels of development from first line management through to training for directors and senior managers and addresses a range of business areas. The main programme themes are listed below:

- Developing Managers;
- Sales & Account Management;
- Management Skills for Technical Professionals;
- First-line Manager's Survival Kit;
- Business Leadership;
- Development Training for Team Leaders;
- Inspiring Tomorrows Leaders;
- Leaders Programme;
- Mentoring Programme; and

- Director Development Programme.
- **The INTRO Graduate Programme** is an Entry-Into-Management level initiative designed to speed the development of graduate managers, thus helping them become more productive within their organisations. This programme lasts for 24 weeks:
 - An initial four weeks off-the-job classroom training; and
 - 20 weeks on-the-job, carrying out a business improvement project/personal development plan.
 - The Programme also provides participants with the opportunity to complete a professional management diploma.
- **The Meridian programme**, delivered by Common Purpose, enables participants from a range of sectors to explore and work through real-life leadership challenges.

The Department also provides and supports a number of training programmes:

- Apprenticeships NI⁶;
- Bridge to Employment;
- Business Education Initiative;
- Essential Skills;
- INTRO Management Development Programme;
- New Deal for Disabled People;
- Steps to Work; and
- Training for Success.

In 2010, the Department is in the process of recruiting a small team of “Skills Advisors”. They will exist to offer training needs analysis support, guidance on training and development suppliers for non Invest NI clients. This service will be free of charge. The Group has been set up specifically to help the thousands of small companies that need help in understanding how training and development can help their businesses; how to identify their priority training and development training needs; how to develop their training plan including budgeting for it and how to implement it successfully in order to get the business outcomes they require. The Advisors will provide them with this advice and support and they will refer them onto other suitable DEL supports as appropriate to their needs. In future therefore a non- Invest NI client company will get significantly more handholding that is available from Invest NI to an Invest NI client. Note however, DEL do not have a BITP equivalent and therefore their clients can only avail of the supports listed above and there is no account taken of the salary costs of individuals whilst being trained, whilst the Invest NI BITP support provides support with a proportion of the trainees salary costs for the period being trained and the training costs.

3.9.4 Joint Invest NI / DEL Programmes

On the 13th April 2010, the Minister for Employment and Learning issued a statement regarding the joint working of Invest NI and DEL, in looking at how the North Carolina Model may be appropriate to Northern Ireland. DEL had been working with officials in North

⁶ DEL apprentice ship programme is available to Invest NI client companies.

Carolina Community College and the Department of Commerce, in reviewing their work in supporting Foreign Direct Investment. The Minister highlighted that:

'Work has begun on a pilot to test some of the characteristics of the North Carolina model in a Northern Ireland context for existing firms wishing to expand and for potential new inward investors. Officials from my Department are working closely with colleagues in Invest NI to devise and deliver bespoke projects for a number of Invest NI client companies. Those projects are known collectively as the assured skills pilot. That title encapsulates the essence of how my Department can contribute to the inward investment process.'

When a company is interested in creating jobs here, we want to be able to assure it that we can provide the necessary support to deliver the skilled workforce that it requires. That could mean that we deliver bespoke training programmes, as we have done successfully in a wide range of up-skilling projects this year, including programmes on business improvement techniques. It could also mean the creation of a graduate conversion course like the successful software professional course. Furthermore, it could mean that we work with our colleges and universities to adapt the mainstream curriculum to deliver a large-scale solution whereby every person who is qualified in a particular discipline would also have a specific skills set that is directly relevant to the employer in question. Whatever it means, we want to be able to demonstrate through action, as opposed to mere words, that we are open for business and are ready and able to help.

One of the individual projects that is being delivered through the pilot focuses on providing assistance to Citi, the multinational financial services company. My officials have, for a number of years, supported work by Belfast Metropolitan College to deliver industry-relevant professional qualifications that were not previously available in Northern Ireland to almost 200 staff in Citi. We are now working with the University of Ulster to take that to the next level and broker the provision of technical training on global securities operations to enhance further the skills profile of the company's staff'.

Source: Assembly Debate 13th April 2010.

3.9.5 Summary

Whilst Invest NI and DEL do not overlap with regard to training and development delivery, a small firm who is a non Invest NI client will receive a very different support service on the skills side from DEL compared to the support an Invest NI client will receive.

DEL offers an advisory service⁷ to SMEs on training needs, planning and solutions. Invest NI provides funding assistance to its clients where they can provide evidence of being growth focused and meeting BITP eligibility criteria. DEL's service is more geared to providing the 1:1 support micro or small companies often need; whereas Invest NI assumes that companies will have the necessary resources and structures in place to identify their own training needs analysis and plan accordingly⁸. However clients do not fall neatly into these categorisations and there are for example some small Invest NI companies with growth potential that need

⁷ Note: DEL has appointed a small team of Skills Advisors and this team will be limited in how many of the DEL client base that may need this service. At this time it is planned to provide DEL clients with the 1:1 skills advisory service.

⁸ Note: INI BIS advisers provide clients with advice and guidance on preparing their submission, but given that they will be responsible for reviewing and assessing the submission once it is submitted by the client, they cannot provide the client with a handholding service as they develop their submission. .

similar type supports to that being provided by DEL. These small companies will generally not have the HR/Training and Development or Management resource/ time available in house that is needed to prepare these submissions. It is important that Invest NI provides BITP type support to fast growing small companies and to do so it needs to fill this gap in support. Funding on its own will be insufficient.

There have been a number of discussions between Invest NI and DEL at senior levels to share information as to what each organisation is doing regarding training and development. . There has been little communication between Invest NI and DEL staff at an operational in the past, however this has changed in more recent times and there is now a higher level of effective engagement between DEL AND Invest NI. This is important so that each organisation can explore how they could potentially work together in a VFM way to support their different client bases. It is however recognised that neither Invest NI or DEL have the resources available to provide their specific supports to the other organisation and that is not what is envisaged, however DEL for example has set up approved provider listings for certain areas and this information may be useful to INI BIS Advisers when they provide guidance to their clients on suitable providers⁹.

DEL and Invest NI are however currently working on an exciting pilot along the lines of the successful North Carolina Model and this approach is focused on ensuring the province can provide FDI projects or local companies wishing to expand with the skilled resource they need to deliver on their business requirements. This will provide a useful test site for the organisations to combine their approaches, networks and resources to deliver an advantage to the province in the highly competitive world of FDI.

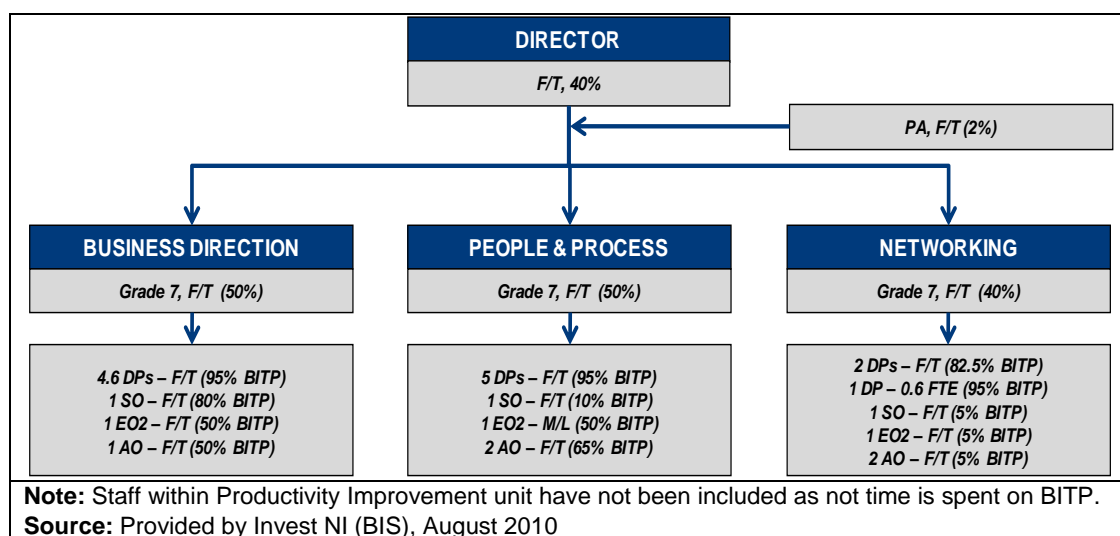
⁹ Note: INI clients would need to pay to go on DEL approved courses as they are only currently provided free to non Invest NI clients.

3.10 Structure and Resources in delivery

In this section we briefly outline the resources needed to deliver BITP on an annual basis.

Figure 3.2

Business Improvement Services (BIS) – BITP – Divisional Overview (% of time spent on BITP)



The staff salary costs directly associated with the delivery of BITP can be estimated at £652,116 per year:

Table 3.4:

INI Management/ Administration costs in delivering BITP

Staff Grades	FTE	% time spent on BITP	Total
Director (Grade 5)	1	40%	£29,054
Grade 7	3	46.6%	£73,623
DP	12.2	92.9%	£465,014
SO	3	31.60%	£29,497
EO2	3	35%	£21,009
AO	4	46.25%	£33,918
Total	-	-	£652,116

The BITP budget for 2009/10 was £13.2m therefore as it costs over £650k per annum to this equates to a management / administration fee of slightly less than 5%.

We do not have benchmark costs for similar schemes to compare this to, however we recognise that the EU Commission often allows up to 10% for all management, administration, marketing and overhead costs for programme delivery and therefore BITP would compare favourably with this.

4 REVIEW OF PERFORMANCE & IMPACTS

This section presents a review of the performance of BITP and its impacts on companies and the economy:

Performance and Impact

- review the performance of the intervention against the original objectives and targets, and if appropriate, identify reasons for any divergence;
- assess if the form of support is the best way to address the objectives of the programme
- assess the levels of financial assistance offered and whether the form of support offered is the best way to address the objectives of the programme;
- assess the performance of BITP in promoting business improvements to SMEs and large enterprises operating in manufacturing and tradable services sectors in NI;
- assess the impact of the intervention in the area of wealth creation, company growth and survival;
- assess the extent to which BITP has contributed (April 2008-Present) or has the potential to contribute, to achieving the relevant targets included in the Programme for Government and securing improvements in manufacturing and private services productivity (PSA1) and increasing employment (PSA3), particularly within the context of the economic recession during this period.
- assess the economic impact of the intervention, identifying the costs and benefits of this support (both quantitative and qualitative) and assessing the wider and regional economic benefits;
- assess the level of additionality and displacement, and taking account of all the available evidence from the evaluation provide an assessment of value for money; quantifying this where possible;

4.1 Information on Invest NI Database

Invest NI records the following information in its CCMS database. This database holds all the information regarding offers for Invest NI client companies. The information held on BITP on this system includes:

- Company reference number and case ID;
- Number of employees and employees band;
- Client name;
- Financial year the assistance was allocated;
- Contact details, including phone, email, postcode and contact;
- Total assistance provided;
- Total planned investment by the client;
- Total eligible project costs;
- % contribution by BITP to total eligible costs;
- Approval date;
- Country of ownership and local / external classification;

- Geographic area, including East / West, Regional Office, Ward, District Council Area (DCA), Parliamentary Constituency (PC), Targeting Social Need (TSN), rural / urban and Neighbourhood Renewal Area (NRA); and
- Sectorial information, including Standard Industrial Classification (SIC) code, sector SIC based, general sector (manufacturing / services), new sector and new subsector.

Although the above information is more or less accurately recorded and monitoring is carried out on individual projects, it does not record on this system the actual spend or the impacts against the KPI targets set in each letter of offer. The management information system needs to be developed, in order to ensure that progress and impacts being achieved can be monitored against the targets set.

CCMS shows where a BITP case is at with regard to work in progress. It also shows whether or not monitoring has taken place. Any issues relating to claims and payments are dealt by the Finance Section (although BIS staff update the spreadsheet to record claims in hand and payments). It is expected that Invest NI will introduce a new Offers and Claims system later in 2010, which will allow all staff to see payments against various schemes, including BITP.

There are two main issues that should be taken into account and addressed by Invest NI:

- a) The BITP's systems for recording the 'Annual Project Monitoring' or the 'Post Project Evaluation' reports do not facilitate the analysis of the impacts achieved at an overall programme level against target. This makes difficult to see the overall performance of BITP regarding the extent to which it is contributing to PSA 1 and PSA 3 targets (reference section 2.1).
- b) BITP's database with information about assisted companies should keep a record of figures regarding the projected and actual costs and benefits, so that analysis could be completed to check where the programme is at against targeted impacts and where it is at against spend. .

Ideally we would also be able to understand sectorial benchmarks for skills and productivity and if this information was held on the system, individual client companies could be checked against these and those which were in most need of support could be identified. This approach would therefore add to the existing Business Health Check information regarding identifying those that needed BITP support. This however would require the collection of sector benchmark information on skills, education levels and productivity and this information is not at present available. This may be an area that Invest NI and DEL would see merit on working on together.

Invest NI has been focusing more and more on those companies who are seeking to increase their exports and/ or investments in R+D and Innovation and who have specific skills issues that need to be addressed to help them achieve these growth areas. Ideally the Invest NI management information system would allow the tracking of BITP support, so that the impact on these areas could be examined and assessed to check whether it was having the desired results. At this stage this is not the case, and information would need to be taken from CCMS, and the Claims system on a project by project basis to allow this information to be reviewed.

4.2 Desk Review of BITP Statistics

The following section presents a statistical analysis of the programmes funded by the BITP from 2005 to 2010.

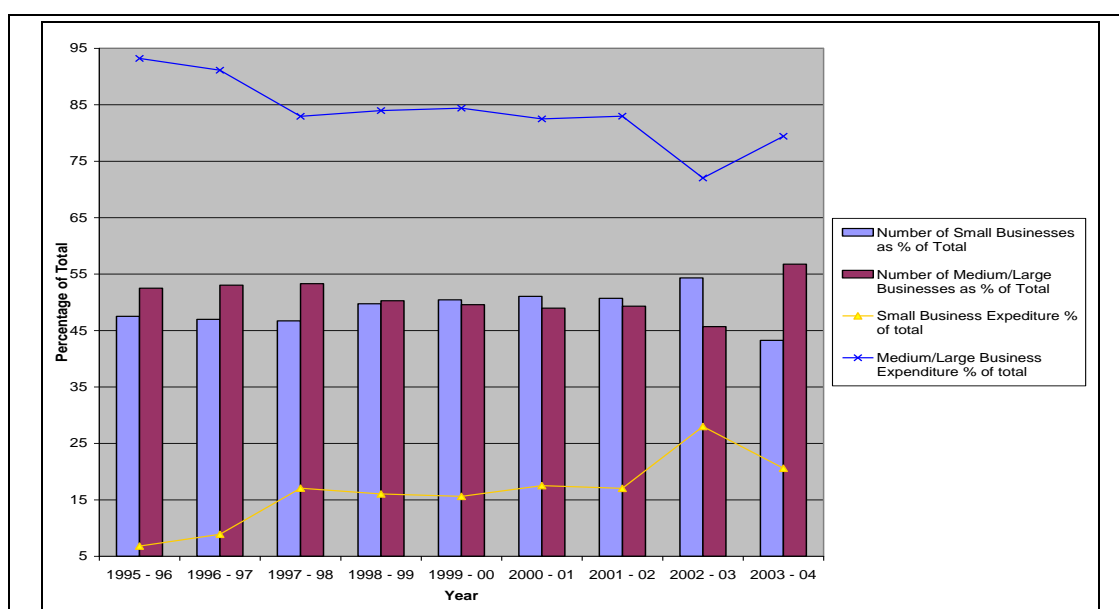
4.2.1 Size Distribution

Both in the evaluation carried out by SQW in 2005 and previous evaluation, the importance of focussing the programme on businesses with less than 50 employees was stressed.

The analysis presented in 2005 highlighted that CDP clients had remained approximately evenly split between small and medium/large sized firms¹⁰ throughout the evaluation period. However, although they accounted for about half of CDP clients, medium-sized and large businesses took on average between 75% and 85% of total CDP grant. In 'take terms', the programme was seriously dominated by non-SME clients. Only in 2001/02 there was a slight rise in the amount of grant taken by small companies.

Figure 4.1

CPD Evaluation – Financial Allocations 1996 to 2004 – Proportion of investment in small and medium/large businesses



Source: SQW Evaluation of the CPD (January 2005)

From FY 2005/06 to FY 2009/10, a total of 367 different businesses received 439 financial allocations under BITP.

Table 4.1a

BITP – Profile of Companies Supported FY 2005/06 to FY 2009/10 – Employment Band

Employment Band	Number of Allocations		Value of Allocations	
	Number	Percentage	Value (£)	Percentage
< 10	49	11%	£4,234,562	6.7%
10 - 49	143	33%	£6,910,331	10.9%

¹⁰ The European Union considers **SME** as the category made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding €50 million, and/or an annual budget balance sheet total not exceeding €43 million. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed €10 million (Official Journal of the European Union, 9.8.2008).

Table 4.1a

BITP – Profile of Companies Supported FY 2005/06 to FY 2009/10 – Employment Band

Employment Band	Number of Allocations		Value of Allocations	
	Number	Percentage	Value (£)	Percentage
50 - 249	154	35%	£17,786,499	28.0%
250 - 499	38	9%	£8,645,698	13.6%
500 - 999	34	8%	£13,642,669	21.5%
1000+	16	4%	£12,076,124	19.0%
N/A	5	1%	£296,631	0.5%
Total	439	100%	£63,592,513	100%
Note: These figures relate to the financial allocations.				
Source: INVEST NI – BITP database 2005/06 to 2009/10,				

The majority of businesses supported by BITP had between 50 and 249 employees (35%), followed by those business under 10 to 49 employment band (33%). 88 businesses (21%) with more than 250 staff received financial support during the period and 49 clients with 10 or less employees (11%). If we look at the value of the allocations, again companies with 50 to 249 accounts for the largest proportion of the total grant value (28%). However, this is followed by companies that had between 500 and 999 employees (21.5%) and more than 1,000 (19%).

In light of the above, BITP has not increased the proportion of SMEs on the programme. Invest NI have advised us of their rationale for continuing to support many larger firms, is due to a number of factors, namely:

1. The need to support FDI projects. Invest NI only support mobile projects where there is a need to provide financial support in order to compete with other locations and/ or to upskill the local resource to the level that the FDI company could potentially source elsewhere.
2. The need to support and encourage Clustering / Networks focused on Supply Chains of major companies: Supply Chains are an important mechanism for ensuring that local companies understand the need and benefits from investing in skills development. The BITP can be used to support those that wish to invest in skills development needed to ensure they meet the requirements and standards of main contractors or of the sector. The SC 21 project is an excellent example of this and is detailed in earlier section of the report.
3. The need to support major local employers survive the Economic Downturn in 2008/9. BITP was employed for re-skilling and up-skilling during the recession, with the aim of retaining core expertise to position companies for upturn.

This is again demonstrated by the table below, which presents the number and value of BITP allocations by employment size band and year:

Table 4.2a

BITP – Profile of Companies Supported FY 2005/06 to FY 2009/10 – Employment Band by Year (Number of Grants and Amounts)

Employment Band	2005/06		2006/07		2007/08		2008/09		2009/10		Total	
	No.	£	No.	£	No.	£	No.	£	No.	£	No.	£
< 10	4	£859,474	15	£1,024,155	9	£1,489,254	8	£215,266	13	£646,413	49	£4,234,562
10 - 49	14	£714,650	26	£816,104	24	£1,177,914	41	£1,967,527	38	£2,234,136	143	£6,910,331
50 - 249	33	£3,263,049	20	£2,019,623	27	£3,571,268	35	£5,153,363	39	£3,779,196	154	£17,786,499
250 - 499	3	£998,576	4	£748,650	5	£883,748	11	£1,597,139	15	£4,417,585	38	£8,645,698
500 - 999	5	£1,818,949	7	£2,677,647	8	£4,233,282	7	£3,212,305	7	£1,700,486	34	£13,642,669
1000+	3	£1,808,357	3	£3,273,634	4	£649,178	0	£0	6	£6,344,955	16	£12,076,124
N/A	4	£225,657	1	£70,974	0	£0	0	£0	0	£0	5	£296,631
Small Enterprise (%)	27%	16%	54%	17%	43%	22%	48%	18%	43%	15%	44%	18%
SMEs (%)	77%	50%	80%	36%	78%	52%	82%	60%	76%	35%	79%	45%
Non SMEs (%)	17%	48%	18%	63%	22%	48%	18%	40%	24%	65%	20%	54%
Total	66	£9,688,712	76	£10,630,787	77	£12,004,644	102	£12,145,600	118	£19,122,771	439	£63,592,513

Notes:

- a) These figures relate to the financial allocations.
- b) Small Company (less than 50 employees), SME (less than 250 employees) and Non SME (250 employees or more).
- c) Two allocations were provided at a late stage of our evaluation and have not been included. These are Copeland (2007/08) with £527,274 BITP assistance (29% of total project costs); and BT (2009/10) with £1,985,443 BITP assistance (50% of total project costs).

Source: INVEST NI – BITP database 2005/06 to 2009/10,

Figure 4.2

BITP – Profile of Companies Supported FY 2005/06 to FY 2009/10 – Number of Allocations by Employment Band

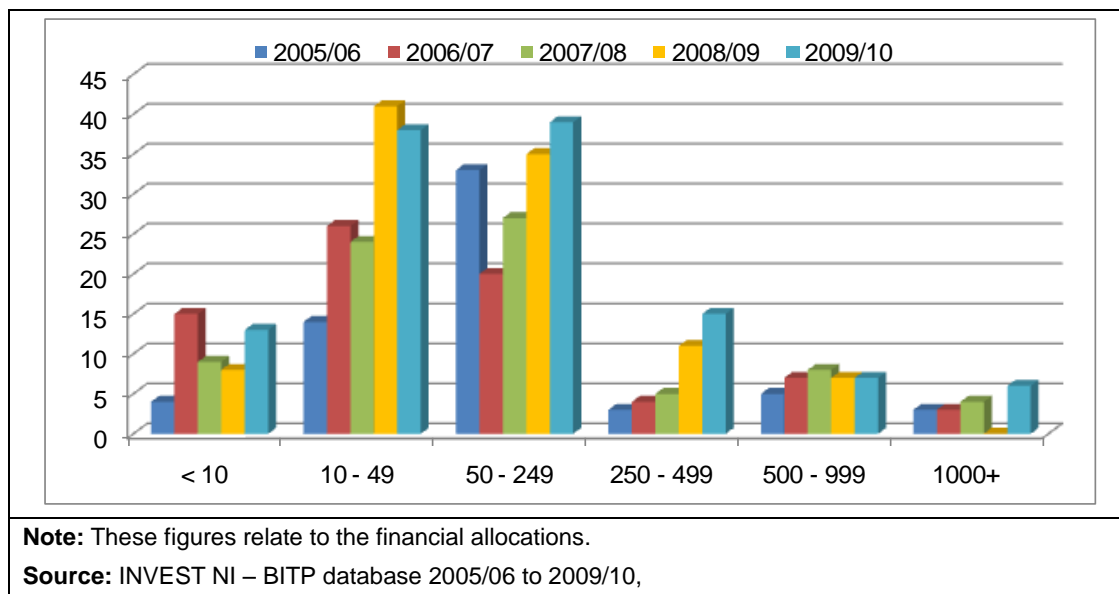
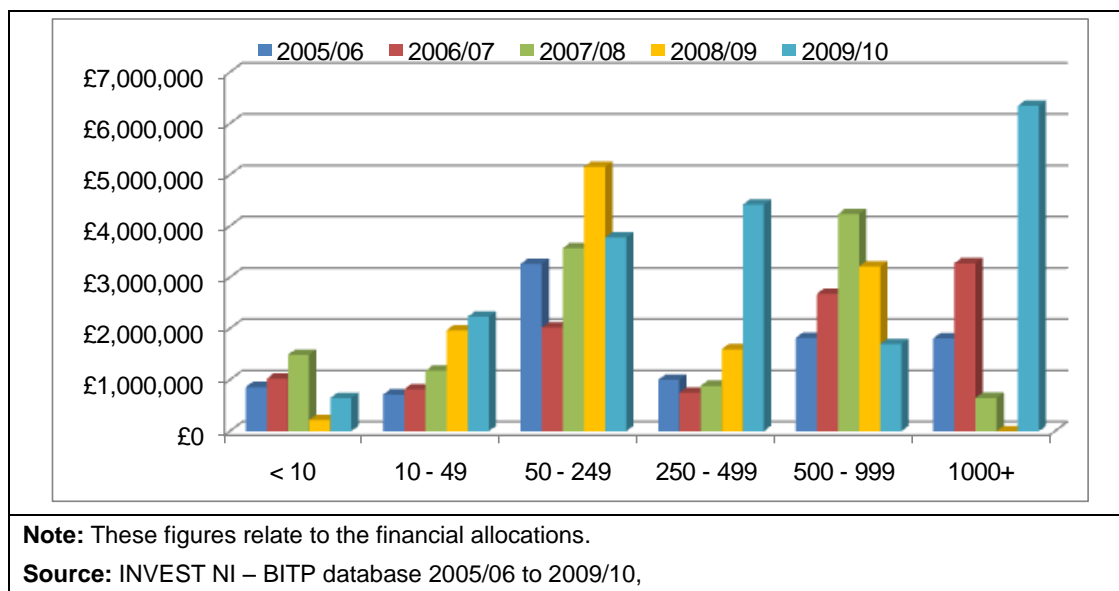


Figure 4.3

BITP – Profile of Companies Supported FY 2005/06 to FY 2009/10 – Value of Allocations (£) by Employment Band



The following table shows the average allocation per employee by employment band profile:

Table 4.2b

BITP – Profile of Companies Supported by Allocation per Employee (£ per head)*

Employment Band	Allocation Value per Employee (£ per head)
< 10	£5,872
10 - 49	£1,733
50 - 249	£1,016
250 – 499	£657
500 - 999	£576
1000+	£331
N/A	20 companies**
Average	£635
<p>Note: These figures relate to the financial allocations.</p> <p>* Please note that we do not have information about the number of employees actually trained but the total number of employees within each company; therefore, the calculation in this table related to the total number of employees.</p> <p>** 20 allocations accounting for £3.2m have not been included as the database had no record of the number of staff.</p> <p>Source: INVEST NI – BITP database 2005/06 to 2009/10,</p>	

In light of the above figures, small companies received proportionally a significantly higher allocation per employee compared to large companies.

Table 4.3 presents the country of ownership of the business supported by BITP:

Table 4.3

BITP – Profile of Companies Supported FY 2005/06 to FY 2009/10 – Country of Ownership

Country of Ownership	Number of Allocations		Value of Allocations	
	Number	Percentage	Value (£)	Percentage
Northern Ireland	304	69%	£24,870,132	39.1%
USA	44	10%	£15,568,286	24.5%
Great Britain	34	8%	£6,750,236	10.6%
Republic of Ireland	21	5%	£3,146,856	4.9%
France	11	3%	£3,110,095	4.9%
Japan	6	1%	£1,950,737	3.1%
Canada	4	1%	£4,556,609	7.2%
India	3	1%	£1,386,439	2.2%
Sweden	3	1%	£607,494	1.0%
Finland	2	0.5%	£336,338	0.5%
Other*	7	1.4%	£1,309,291	1.92%
Total	439	100%	£63,592,513	100.0%
<p>Notes: These figures relate to the financial allocations.</p> <p>* Other countries include Austria, Denmark, Greece, Netherlands, Portugal, Spain and Western Europe (1 business each).</p> <p>Source: INVEST NI – BITP database 2005/06 to 2009/10,</p>				

As shown, 69% of business that were allocated monies by BITP are owned by individuals in Northern Ireland. However, these account for 39.1% of the total grant. The second country of ownership is the USA with 44 financial allocations to businesses during the period (10%) and 24.5% of the total grant, followed by Great Britain (8% of the total allocations and 10.6% of the total grant).

The location of the successful applicants to the BITP within Northern Ireland is as follows:

Table 4.4

BITP – Profile of Companies Supported FY 2005/06 to FY 2009/10 – District Council Area

District Council Areas	Number of Allocations		Value of Allocations	
	Number	Percentage	Value (£)	Percentage
Belfast	105	24%	£23,056,453	36.3%
Derry	38	9%	£4,277,701	6.7%
Lisburn	35	8%	£4,261,357	6.7%
Dungannon	31	7%	£2,965,929	4.7%
Craigavon	29	7%	£4,488,234	7.1%
Cookstown	17	4%	£1,635,282	2.6%
Magherafelt	17	4%	£1,317,425	2.1%
Newtownabbey	16	4%	£2,630,368	4.1%
Fermanagh	15	3%	£1,126,309	1.8%
Antrim	14	3%	£3,094,178	4.9%
Ballymena	14	3%	£2,006,938	3.2%
North Down	14	3%	£1,318,906	2.1%
Newry & Mourne	13	3%	£3,039,465	4.8%
Coleraine	12	3%	£904,392	1.4%
Castlereagh	11	3%	£930,582	1.5%
Armagh	9	2%	£574,581	0.9%
Larne	8	2%	£1,928,037	3.0%
Omagh	8	2%	£745,587	1.2%
Ballymoney	5	1%	£503,796	0.8%
Down	5	1%	£260,668	0.4%
Limavady	5	1%	£813,292	1.3%
Strabane	5	1%	£699,245	1.1%
Ards	4	1%	£177,141	0.3%
Carrickfergus	4	1%	£320,509	0.5%
Moyle	3	1%	£159,125	0.3%
Banbridge	2	0.2%	£357,014	0.6%
Total	439	100%	£63,592,513	100.0%
Notes: These figures relate to the financial allocations.				
Source: INVEST NI – BITP database 2005/06 to 2009/10,				

The table demonstrates that at least one business within each of the 26 DCAs in Northern Ireland received monies from BITP during the five-year period. Almost one quarter of businesses are located in the Belfast City Council area (24%) accounting for over a third of the total grant, followed by Craigavon (29 allocations accounting for 7.1% of total grant), Derry City Council (38 allocations accounting for 6.7% of total financial support by BITP) and Lisburn (35 grants representing 6.7% of total grant).

Table 4.5 presents the split between urban and rural location of the companies:

Table 4.5

BITP – Profile of Companies Supported FY 2005/06 to FY 2009/10 – Urban / Rural

Urban / Rural	Number of Allocations		Value of Allocations	
	Number	Percentage	Value (£)	Percentage
Urban	302	69%	£51,878,316	82%
Rural	137	31%	£11,714,198	18%
Total	439	100%	£63,592,513	100.0%
Notes: These figures relate to the financial allocations.				
Source: INVEST NI – BITP database 2005/06 to 2009/10,				

4.2.2 Financial Allocations Analysis

From 2005/06 to 2009/10, a total of 439 different financial assistances have been provided to 367 different companies. The table below presents a breakdown by number of assistances by company:

Table 4.6

BITP – Financial Allocations 2005/06 to 2009/10 – Breakdown by Number of Companies / Allocations

No. of Financial Assistances 2005/06 to 2009/10	Number	Percentage
1. Financial Assistance	305	83%
2. Financial Assistances	54	15%
3. Financial Assistances	6	2%
4. Financial Assistances	2	1%
Total Number of Companies	367	100%
Total Number of Financial Assistances	439	-
Source: INVEST NI – BITP database 2005/06 to 2009/10,		

The majority of companies (83%) received one financial allocation to improve the training within their business, followed by a 15% that participated in two different years since 2005. In addition, 6 companies received monies in 3 years and 2 companies in four years of the five-year period this evaluation covers.

The following table shows how the allocations are spread across the period:

Table 4.7

BITP – Financial Allocations 2005/06 to 2009/10 – Breakdown by Financial Year

Financial Year	Number of Allocations		Value of Allocations	
	Number	Percentage	Value (£)	Percentage
2005/06	66	15%	£9,688,712	15%
2006/07	76	17%	£10,630,787	17%
2007/08	77	18%	£12,004,644	19%
2008/09	102	23%	£12,145,600	19%

Table 4.7

BITP – Financial Allocations 2005/06 to 2009/10 – Breakdown by Financial Year

Financial Year	Number of Allocations		Value of Allocations	
	Number	Percentage	Value (£)	Percentage
2009/10	118	27%	£19,122,771	30%
Total 2005/06 to 2009/10	439	100%	£63,592,513	100.0%
Source: INVEST NI – BITP database 2005/06 to 2009/10,				

In light of the above figures, there has been a dramatic increase in the number of allocations made by financial year and its value, from 66 businesses supported in 2005/06 with almost £9.7 million to 118 businesses in 2009/10 supported with over £19 million.

Table 4.8 overleaf shows the progressive increase in overall BITP expenditure since 2005/06 and a breakdown of minimum, maximum, average, median and total amount by year:

Table 4.8

BITP – Financial Allocations 2005/06 to 2009/10 – Amounts breakdown by Year

	Measure	2005/06	2006/07	2007/08	2008/09	2009/10	Total
Total Assistance by BITP	Minimum	£8,594	£5,911	£6,529	£4,315	£6,922	£4,315
	Maximum	£866,000	£2,210,000	£1,392,587	£1,202,670	£3,913,346	£3,913,346
	Average	£146,799	£139,879	£155,904	£119,075	£162,057	£144,858
	Median	£53,666	£42,590	£74,384	£62,336	£70,374	£62,077
	Total	£9,688,712	£10,630,787	£12,004,644	£12,145,600	£19,122,771	£63,592,513
Total Planned Project Costs*	Minimum	£24,555	£14,778	£17,802	£10,787	£17,554	£10,787
	Maximum	£14,178,895	£13,221,756	£6,932,000	£4,308,936	£17,428,389	£17,428,389
	Average	£886,357	£696,438	£676,316	£441,957	£522,212	£615,503
	Median	£211,451	£128,875	£247,945	£196,456	£204,525	£197,590
	Total	£58,499,531	£52,929,261	£52,076,317	£45,079,659	£61,621,027	£270,205,795
% Contribution by BITP	Minimum	3%	11%	2%	16%	18%	2%
	Maximum	40%	40%	38%	40%	45%	45%
	Average	27%	29%	29%	33%	35%	31%
	Median	30%	30%	30%	35%	35%	30%
Total Allocations	Number	66	76	77	102	118	439

Notes:

(*) Total Planned Project Costs may be higher than the eligible BITP costs; for example, some applications include significant amounts of statutory or induction training. However, BITP has no rule in regard to a minimum contribution.

(**) Invest NI have advised us that the low contribution deals are due to BITP eligible costs being a low % of the overall project costs.

(***) Two allocations were provided at a late stage of our evaluation and have not been included. These are Copeland (2007/08) with £527,274 BITP assistance (29% of total project costs); and BT (2009/10) with £1,985,443 BITP assistance (50% of total project costs).

Source: INVEST NI – BITP database 2005/06 to 2009/10.

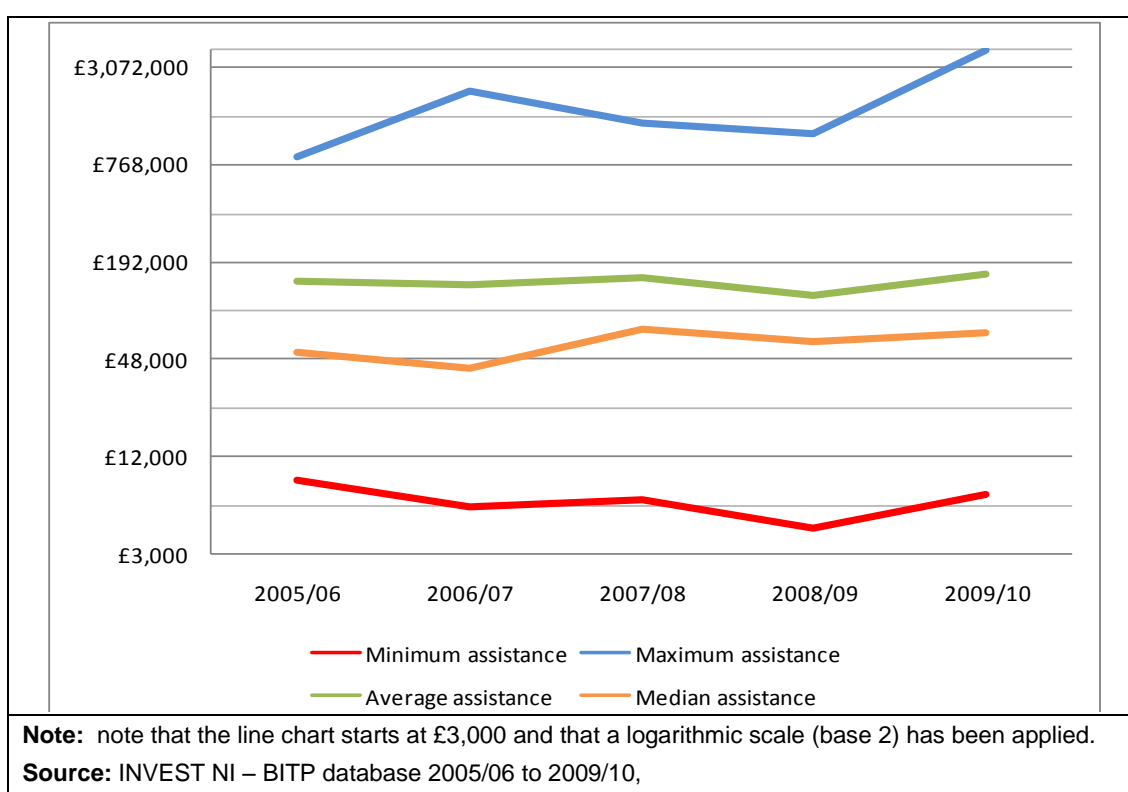
In light of the above figures, the minimum assistance offered by BITP has declined overall during the period, from over £8.5k in 2005/06 to almost £7k in 2009/10, with a trough at £4.3k in 2008/09. Conversely, the maximum assistance has been increased dramatically over the period, from £866k in 2005/06 to almost £4 million in 2009/10.

The average assistance received by the companies has remained more or less consistent throughout the five-year period, with the exception of 2008/09 when the average hit a trough at £119k. The median assistance has varied over the period, showing an upwards trend in the last three years with a high in 2007/08 at almost £75k median BITP contribution to the project costs.

The figure below presents the trends described above:

Figure 4.4

BITP – Financial Allocations 2005/06 to 2009/10 – Minimum, Maximum, Average and Median Assistance.



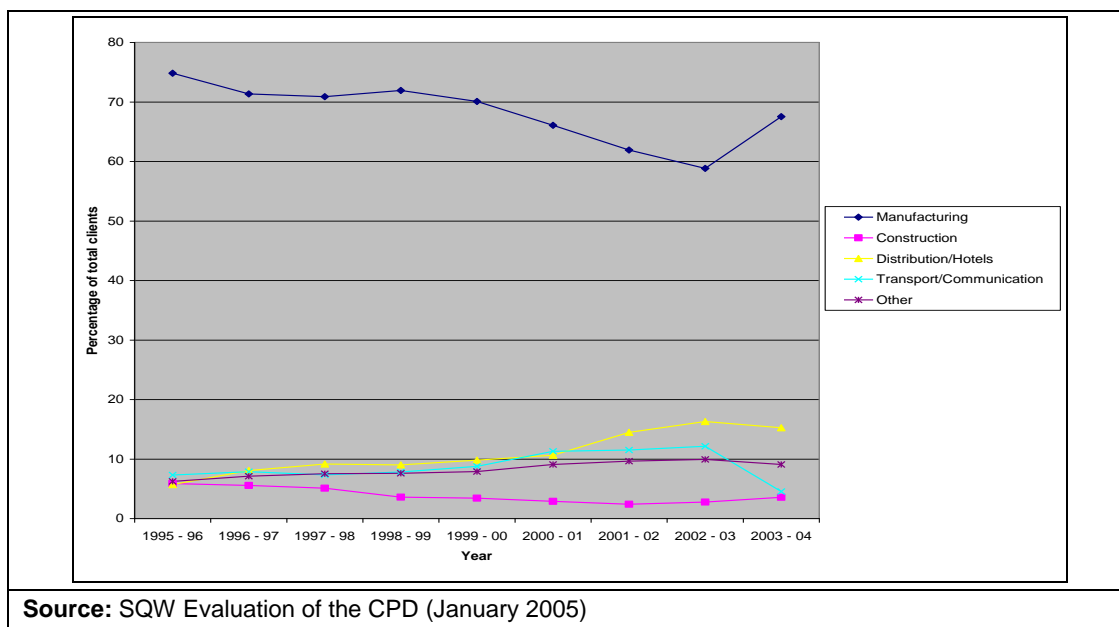
BITP Appraisal Guidelines (2009) specify that “the BITP does not have a lower funding threshold”. This is demonstrated by the fact that the minimum contribution of BITP during the period has been 2% of the total planned project costs. However, in some cases the total training costs include large amounts of statutory and induction training which, although incurred by the company, are not eligible for BITP support.

4.2.3 Allocations and amounts drawn down by sector

The evaluation undertaken in 2005 highlighted that CDP had remained a predominantly manufacturing-focused programme:

Figure 4.5

CPD Evaluation – Financial Allocations 1995/96 to 2003/04 – Sector (%)



As the figure above shows, manufacturing companies took a significant majority of CDP funds throughout the evaluation period (1995/96 to 2003/04). It was outlined that during the same period, however, manufacturing companies comprised between 20% and 25% of the total number of Northern Ireland businesses according to DETI data. This suggested that CDP provided a disproportionate amount of financial support to manufacturing companies relative to their size in Northern Ireland's overall business stock.

The table below shows the split between manufacturing and services sectors since 2005/06 onwards, highlighting the still high proportion of funding going to manufacturing companies:

Table 4.9

BITP – Financial Allocations 2005/06 to 2009/10 – Breakdown by General Sector

General Sectors	No. of Allocations		Total Amount (£)	
	Number	Percentage	Number	Percentage
Manufacturing	264	60%	£36,857,096	58%
Services	175	40%	£26,735,417	42%
Total	439	100%	£63,592,513	100%
Source: INVEST NI – BITP database 2005/06 to 2009/10,				

With 58% of support going to Manufacturing companies, this is much higher than the proportion of manufacturing companies generally in the NI economy.

A more in-depth sectorial analysis of the companies that have been allocated financial assistance is presented in Table 4.10:

Table 4.10

BITP – Financial Allocations 2005/06 to 2009/10 – Breakdown by SIC Sector

SIC Sectors	No. of Allocations		Total Amount (£)	
	Number	Percentage	Number	Percentage
Business & Financial Services	70	15.9%	£14,993,564	24%
Software & Computer Services	47	10.7%	£7,123,063	11%
Other Services	47	10.7%	£3,546,569	6%
Food, Drink & Tobacco	45	10.3%	£6,781,004	11%
Fabricated Metal & Metal Finishing	39	8.9%	£3,152,929	5%
Paper products, Printing & Publishing	33	7.5%	£2,420,062	4%
Non-Electrical Machinery	29	6.6%	£3,870,605	6%
Electrical, Electronic & Optical Equipment	23	5.2%	£6,136,887	10%
Rubber & Plastic Products	21	4.8%	£2,249,122	4%
Transport Equipment	18	4.1%	£6,481,890	10%
Clothing & Textiles	16	3.6%	£1,319,831	2%
Other Manufacturing	14	3.2%	£1,935,421	3%
Glass, Ceramic & Concrete Products	10	2.3%	£554,649	1%
Chemicals & Pharmaceuticals	8	1.8%	£1,483,470	2%
Wood Products	8	1.8%	£471,226	1%
Construction Services	7	1.6%	£677,162	1%
Construction	4	0.9%	£395,059	1%
Total	439	100%	£63,592,513	100%
Source: INVEST NI – BITP database 2005/06 to 2009/10,				

As shown, the BITP has supported a wide range of sectors across the five-year period starting in FY 2005/06; with the 'business & financial services' sector receiving a higher number of allocations (15.9%), accounting for almost a quarter of the total grant.

This is followed by 'Software & computer Services' with 47 allocations and 11% of the total grant, 'Food, Drink and Tobacco' with 45 grants and 11% of total grant and 'Transport Equipment' with 18 allocations representing 10% of total BITP assistance.

The priority skills for NI were set by DEL and Invest NI as ICT and Financial Services and BITP has shown to have had 35% of its funding allocated to these areas.

The MATRIX Horizon Foresight Programme provides detail on the opportunities with highest economic significance to Northern Ireland. These include opportunities in 5 sectors (Life & Health Sciences, ICT, Agri-Food, Advanced Materials and Advanced Engineering (Transport Sector)). The MATRIX Horizon reports also have identified future world market opportunities:

- Clean and Green Future World Markets;
- Health, Well Being and Vitality;
- Joined Up and Connected World Marketing; and
- Safe / Protected and Secure Future World Markets.

The information on BITP does not allow us to provide feedback on the extent to which it has supported these priority sectors. However as Life Sciences companies are likely to fall under Chemicals and Pharmaceuticals, it is clear that they have received less than 2% of BITP funding and Agri-Food (below 11%). However, this analysis is overly simplistic as it does not take account of the numbers of businesses in the sector, their specific needs or opportunities for development.

There is therefore scope for Invest NI to prioritise investment in line with growth opportunities as identified by MATRIX. However, this needs to be actioned with caution, as sector opportunities change over time.

4.2.4 Top Spenders and Users

The table below presents the companies that received over £300k from Invest NI through BITP:

Table 4.11

BITP – Financial Allocations 2005/06 to 2009/10 – Top Spenders: Companies that received over £300k BITP Assistance

Year / Companies	No. of Employees	BITP Assistance (£)	% of Total Assistance of the Year
2005/06 – 10 Allocations over £300k			
SEAGATE TECHNOLOGY (IRELAND)	1,352	£866,000	8.9%
LBM HOLDINGS (UK) LIMITED	415	£754,964	7.8%
POWERSCREEN INTERNATIONAL DISTRIBUTION LTD	610	£707,445	7.3%
F G WILSON (ENGINEERING) LIMITED	2,960	£696,000	7.2%
SEAGATE TECHNOLOGY MEDIA (IRELAND)	<10	£683,821	7.1%
B/E AEROSPACE (UK) LTD	677	£492,707	5.1%
REED MANAGED SERVICES PLC	46	£384,961	4.0%

Table 4.11

BITP – Financial Allocations 2005/06 to 2009/10 – Top Spenders: Companies that received over £300k BITP Assistance

Year / Companies	No. of Employees	BITP Assistance (£)	% of Total Assistance of the Year
KAINOS SOFTWARE LIMITED	237	£334,310	3.5%
DU PONT (U.K.) LIMITED	228	£311,124	3.2%
HASTINGS HOTELS GROUP LTD	800	£300,164	3.1%
Sub-Total Top Spenders 2005/06		£5,531,496	57.1%
Total 2005/06 (66 Allocations)		£9,688,712	100%
2006/07 – 6 Allocations over £300k			
ALLSTATE NORTHERN IRELAND LIMITED	1,355	£2,210,000	20.8%
CITIBANK INTERNATIONAL PLC	850	£1,125,000	10.6%
FIRSTSOURCE SOLUTIONS UK LTD	1,500	£1,007,000	9.5%
COCA-COLA HBC NORTHERN IRELAND LTD	586	£885,080	8.3%
GALLAHER LTD	780	£370,465	3.5%
IMAGINE TELECOMMUNICATIONS NI LIMITED	8	£304,000	2.9%
Sub-Total Top Spenders 2006/07		£5,901,545	55.5%
Total 2006/07 (76 Allocations)		£10,630,787	100.0%
2007/08 – 10 Allocations over £300k			
SCHRADER ELECTRONICS LTD	803	£1,392,587	11.6%
CITIBANK INTERNATIONAL PLC	850	£1,295,000	10.8%
FUJITSU SERVICES LIMITED	<10	£949,500	7.9%
CITIBANK INTERNATIONAL PLC	850	£644,085	5.4%
FINLAY HYDRASCREENS (OMAGH) LTD	330	£462,978	3.9%
MM TELEPERFORMANCE LIMITED	1,500	£450,000	3.7%
EVRON FOODS LTD	192	£414,967	3.5%
ASIDUA LTD	102	£379,480	3.2%
JOHN THOMPSON & SONS LTD	144	£302,236	2.5%
QUINN INSURANCE LIMITED	557	£300,000	2.5%
Sub-Total Top Spenders 2007/08		£6,590,833	54.9%
Total 2007/08 (77 Allocations)		£12,004,644	100.0%
2008/09 – 7 Allocations over £300k			
B/E AEROSPACE (UK) LTD	677	£1,202,670	9.9%
UNITED DAIRY FARMERS LTD	774	£896,393	7.4%
KEYSTONE LINTELS LTD	208	£682,331	5.6%
SINGULARITY LTD	191	£573,682	4.7%
FIRST DERIVATIVES PLC	143	£426,883	3.5%
RANDOX LABORATORIES LTD	705	£401,885	3.3%
KESTREL FOODS LTD	59	£317,667	2.6%
Sub-Total Top Spenders 2008/09		£4,501,511	37.1%
Total 2008/09 (102 Allocations)		£12,145,600	100.0%
2009/10 – 14 Allocations over £300k			
BOMBARDIER AEROSPACE - SHORT BROTHERS PLC	5,100	£3,913,346	20.5%
NORTHGATE MANAGED SERVICES LIMITED	450	£1,118,654	5.8%
F G WILSON (ENGINEERING) LIMITED	2,960	£704,058	3.7%
NACCO MATERIALS HANDLING LTD	510	£650,044	3.4%
MM TELEPERFORMANCE LIMITED	1,500	£611,620	3.2%
MICHELIN TYRE PUBLIC LIMITED COMPANY	1,085	£610,240	3.2%

Table 4.11

BITP – Financial Allocations 2005/06 to 2009/10 – Top Spenders: Companies that received over £300k BITP Assistance

Year / Companies	No. of Employees	BITP Assistance (£)	% of Total Assistance of the Year
MONTUPET (UK) LTD	460	£575,887	3.0%
RFD BEAUFORT LTD	260	£376,593	2.0%
FUJITSU SERVICES LIMITED	<10	£360,000	1.9%
BOMBARDIER AEROSPACE - SHORT BROTHERS PLC	5,100	£355,691	1.9%
WRIGHTBUS LIMITED	900	£351,648	1.8%
S D C TRAILERS LTD	269	£333,348	1.7%
ALMAC CLINICAL SERVICES LTD	264	£312,032	1.6%
THE MCAVOY GROUP LIMITED	130	£301,846	1.6%
Sub-Total Top Spenders 2009/10		£10,575,007	55.3%
Total 2009/10 (118 Allocations)		£19,122,771	100.0%
Sub-Total Top Spenders 2005/06 to 2009/10		£33,100,392	52.1%
Total 2005/06 to 2009/10		£63,592,513	100%
Source: INVEST NI – BITP database 2005/06 to 2009/10,			

This table provides further evidence of the need for BITP to focus on smaller companies:

- In 2005/06, 10 companies accounted for 57.1% of the total allocation;
- In 2006/07, 6 companies accounted for 55.5% of the total allocation;
- In 2007/08, 10 companies accounted for 54.9% of the total allocation;
- In 2008/09, 7 companies accounted for 37.1% of the total allocation; and
- In 2009/10, 14 companies accounted for 52.1% of the total allocation.

The rationale behind large allocations to big companies is the creation of employment in Northern Ireland that would have been created elsewhere if BITP support had not been provided.

The table below compares the BITB large allocations against the new jobs created in Northern Ireland. It should be noted that these companies may have been provided other supports as well as BITP, so these jobs cannot be directly attributed to BITP.

Table 4.12

BITP – Financial Allocations 2005/06 to 2009/10 – Top Spenders and New Jobs BITP has helped to create

Year / Companies	BITP Assistance (£)	New Jobs Created
2005/06		
SEAGATE TECHNOLOGY (IRELAND)	£866,000	293
LBM HOLDINGS (UK) LIMITED	£754,964	750
POWERSCREEN INTERNATIONAL DISTRIBUTION LTD	£707,445	300
REED MANAGED SERVICES PLC	£384,961	220
DU PONT (U.K.) LIMITED	£311,124	40
HASTINGS HOTELS GROUP LTD	£300,164	60

Table 4.12

BITP – Financial Allocations 2005/06 to 2009/10 – Top Spenders and New Jobs BITP has helped to create

Year / Companies	BITP Assistance (£)	New Jobs Created
Total 2005/06	£3,324,658	1,663
2006/07		
ALLSTATE NORTHERN IRELAND LIMITED	£2,210,000	1,105
CITIBANK INTERNATIONAL PLC	£1,125,000	375
FIRSTSOURCE SOLUTIONS UK LTD	£1,007,000	1,007
COCA-COLA HBC NORTHERN IRELAND LTD	£885,080	71
IMAGINE TELECOMMUNICATIONS NI LIMITED	£304,000	304
Total 2006/07	£5,531,080	2,862
2007/08		
SCHRADER ELECTRONICS LTD	£1,392,587	139
CITIBANK INTERNATIONAL PLC	£1,295,000	185
FUJITSU SERVICES LIMITED	£949,500	402
FINLAY HYDRASCREENS (OMAGH) LTD	£462,978	155
MM TELEPERFORMANCE LIMITED	£450,000	450
ASIDUA LTD	£379,480	53
QUINN INSURANCE LIMITED	£300,000	846
Total 2007/08	£5,229,545	2,230
2008/09		
SINGULARITY LTD	£573,682	75
FIRST DERIVATIVES PLC	£426,883	157
RANDOX LABORATORIES LTD	£401,885	111
Total 2008/09	£1,402,450	343
2009/10		
NORTHGATE MANAGED SERVICES LIMITED	£1,118,654	88
F G WILSON (ENGINEERING) LIMITED	£704,058	400
MM TELEPERFORMANCE LIMITED	£611,620	613
RFD BEAUFORT LTD	£376,593	19
FUJITSU SERVICES LIMITED	£360,000	150
S D C TRAILERS LTD	£333,348	40
ALMAC CLINICAL SERVICES LTD	£312,032	460
THE MCAVOY GROUP LIMITED	£301,846	74
Total 2009/10	£4,118,151	1,844
Total 2005/06 to 2009/10	£19,605,884	8,942
Source: INVEST NI – BITP database 2005/06 to 2009/10,		

As shown in Table 4.12, **8,942 new jobs** have helped to be created through BITP support.

4.3 Performance against Objectives and Targets

The Invest NI's Operating Plans set out the targets of the Business Improvement Services (BIS) for BITP. As the tables below present, there focus on measuring the number of cases until 2008/9, rather than any focus on impacts. From 2009 the focus has been on measuring the amounts invested in skills.

In 2005/06, the outputs and milestone targets were set out as follows:

Table 4.13

Business Improvement Service – Skills Operating Plans 2005/06

Activities	Target	Actual	Target vs Actual
BITP projects	75	66	88%
Sources: <ul style="list-style-type: none"> - Targets: BIS Skills Operating Plans 2005/06 - Actual performance: Invest NI Database 2005/06 to 2009/10. 			

Table 4.14

Business Improvement Service – Skills Operating Plans 2006/07

Activities	Target	Actual	Target vs Actual
Improving management and workforce capability	1,000 BIS Interventions	-	-
	75 BITP Projects	76	101%
Sources: <ul style="list-style-type: none"> - Targets: BIS Skills Operating Plans 2006/07 - Actual performance: Invest NI Database 2005/06 to 2009/10. 			

Table 4.15

Business Improvement Service – Skills Operating Plans 2007/08

Activities	Target	Actual	Target vs Actual
Improving management and workforce capability	1,000 BIS Interventions	-	-
	75 BITP Projects	76	103%
Sources: <ul style="list-style-type: none"> - Targets: BIS Skills Operating Plans 2007/08 - Actual performance: Invest NI Database 2005/06 to 2009/10. 			

Table 4.16

Business Improvement Service – Skills Operating Plans 2008/09

Activities	Target	Actual	Target vs Actual
Deliver support for structured business training in line with business needs through a streamlined Business Improvement Programme, providing timely cost efficient & effective interventions in structured training & development by clients focussed on market led innovation & development.	75 BITP Cases approved by year end.	102	136%
Sources: <ul style="list-style-type: none"> Targets: BIS Skills Operating Plans 2008/09 Actual performance: Invest NI Database 2005/06 to 2009/10. 			

Table 4.17

Business Improvement Service – Skills Operating Plans 2009/10

Activities	Target	Actual	Target vs Actual
Value of investment in skills development leading to improved people and process capability within businesses	£25m	£61.6m (including £19.1m by BITP)	246%
Deliver support for improving company people and process capability in line with business needs through a streamlined Business Improvement Training Programme.	80 BITP Cases approved by year end.	118	148%
Identify joint collaborative initiatives between Invest NI and DEL, resulting in improved provision of skills development support to businesses.	3 collaborative initiatives	-	-
Sources: Targets: BIS Skills Operating Plans 2009/10 Actual performance: Invest NI Database 2005/06 to 2009/10.			

The table below presents the outputs and milestone targets for 2010/11.

Table 4.18

Business Improvement Service – Skills Operating Plans 2010/11

Activities	Outputs / Milestone Targets 2010/11
Value of investment in skills development leading to improved people and process capability within businesses	£30m
Deliver support for improving company people and process capability in line with business needs through a streamlined BITP.	30 BITP Cases approved by year end.
Identify joint collaborative initiatives between Invest NI and DEL, resulting in improved provision of skills development support to businesses.	3 collaborative initiatives Leadership & Management North Carolina
Source: BIS Skills Operating Plan 2010/11	

There is a need for Invest NI to develop a set of KPI which more adequately measure the success or otherwise of the support.

Invest NI targets for BITP are set as part of their business planning process and relate to the number of cases to be approved per year and the level of monies to be spent. These targets have been met. However given the rationale for BITP, we do not feel that a KPI focused on measuring activity is meaningful and we would wish to see a suite of BITP KPIs developed which measure the projected impacts of the intervention. These indicators should be drawn from a number of areas, for example:

- **Qualitative:** Extent to which the Company have developed a more HR/ skills investment focus; extent to which the company has developed or enhanced their Training/ Development Management Skills and Systems; the extent to which the company has best proactive HRM systems in place; the extent to which the company has continued to fund other skills investment activities without government support etc.
- **Quantitative:** Extent to which companies have invested in skills/ learning and the extent they have achieved increased Sales, Profits, Exports; Investment in R+D; Decreased Costs and leveraged Investment.

- **Wider Economic Benefits:** Extent to which the company has benefited others in the local economy- e.g. Supply Chain Impacts- sharing experiences/ collaborative work; the extent to which they are leading the way on New Systems; Procedures; Technologies; the extent to which they are retaining highly skilled people in the country etc.
- **Return on Investment:** Calculation of the Costs of the Programme/ Benefits Gained. The Return on Investment figure is a particularly important one given the pressure on public funds. There is a need to set targets at the outset of each project so that the expected return on investment and ensure that project performance is monitored to assess its progress against target.

4.4 Return on Investment Calculations

4.4.1 SQW report

SVQ Evaluation (2005) suggested that *“Invest NI should encourage Programme users to gauge the impact of a CDP project on the basis of a Return on Investment calculation, for example using an Internal Rate of Return methodology. This would usefully fit with existing pilot work being undertaken by Business Improvement Services”*.

Recommendation 13 stated that *“CDP agreements should specify that client companies review their business performance in the light of CDP support one full year after a project has been completed, with a specific focus on return on investment”*.

4.4.2 Current Situation regarding ROI

Invest NI has implemented an approach which requires the companies and the BIS Advisers to set out how the BITP support is expected to help improve the companies’ productivity results and then to monitor the progress against these targets. There is however no formal ROI calculation used. We understand from Invest NI that that they are looked into this area in detail and felt that that it would be impractical and too subjective to implement¹¹.

More recently, the BIS team have been working with the Invest NI economist to research this area and develop a methodology which will provide a practical but yet an accurate assessment of the benefit to the company and the economy of any BITP support compared to the costs.

Invest NI has implemented a number of actions which are geared to ensuring that the companies focus on those areas which will have the most impact on their productivity and competitiveness. Three sets of indicators are generally set and agreed with BITP clients and these are:

- Extent to which the BITP support will increase the skills and competence of employees trained (i.e. number of staff with new qualifications in specific area of training/ development)
- Extent to which BITP will improve operational performance (reduced scrap levels; increased processing time; reduced rework costs etc)

¹¹ It was felt that there would be too much subjectivity around assessing the extent to which any improved performance could be linked to the training and development implemented, and therefore the results produced could have been questionable.

- Extent to which BITP support has generated improved Business Results (i.e. increased exports, increased sales, reduced costs; reduced labour turnover etc)

As already mentioned we do not have programme information for BITP, therefore we are unable to compare the total monies invested per annum and the impacts achieved at any of the above levels. This is disappointing as although we accept there are difficulties associated with a Return on Investment approach to Training and Development no alternative mechanism has been put in place to allow an assessment of the overall costs and impacts, since this recommendation was made in 2005. We consider the approach taken by other RDAs in section 4.4.3 and we also look at the work Invest NI is developing in 4.4.4 for the future in this area.

4.4.3 RDA approaches to Measuring the Impact of Skills Supports

The Regional Development Agencies in England have been using GVA to Cost ratios to evaluate their recent programmes.

An evaluation of Regional Redevelopment Agencies (RDAs) completed for BERR in 2009¹² highlighted that the Average Expected Return on People and Skills Programmes (including training, business development and unemployed people) is 2.5:1 (i.e. £2.5 for every £1 invested). Clearly, the RDA programmes contain supports which stretch across the DETI/ Invest NI and DEL spectrum of training supports and therefore the returns quoted are not realistic benchmarks for BITP. However the RDA approach does give an insight into the focus on measuring impacts and results.

In 2009 SQW published a report for BERR called Practical Guidance on Implementing the RDA Evaluation Impact Framework. It was published after the 2009 Review of RDA impacts completed by PWC which highlighted the range of approaches being used by RDAs to evaluate impacts. The purpose of the manual was to provide guidance to the RDAs on how to evaluate their programmes in a consistent way. For all interventions with an economic rationale, BIS would expect RDAs to provide an estimate of gross economic impact using gross value added (GVA). In appendix 8 we set out the measures the report recommended using to calculate GVA.

4.4.4 Measurement Model under Development within INI

Invest NI are currently developing a model to measure the impacts from R+D investment. This model will not only consider and measure the impacts to the individual companies concerned, but to the wider economy. Discussions have taken place reference the possibility of developing a similar model for training and development supports. Research has taken place already within DEL to consider the impacts on the individual, the company and the economy for example for graduate training. Any model developed for training and development will therefore seek to get evidence of the benefits for individuals, benefits for companies and benefits for society as a whole. Individuals profit from investment in education through higher wages. No less important are the lower probability of unemployment and higher rates of labour force participation for more highly educated individuals. Firms reap benefits from education via the higher productivity of their employees. Better-educated

¹² "Making Big Things Happen - The Economic Impact of the Northwest Regional Development Agency1999/09". Independent evaluation by PricewaterhouseCoopers on behalf of BERR (2009).

employees are not only more productive, but also raise the productivity of their less-educated colleagues. Societies benefit from education through the direct effect of higher productivity on growth and potentially health. This model would therefore allow a more rigorous process of assessing the real and full benefits of government supported training and development to take place than those that could be actioned through a ROI calculation focused on the measuring purely the benefits to the firms against the costs.

4.4.5 Recommendation

Due to the pressure on public expenditure, public monies are coming under more and more scrutiny and there is a need to be able to not only demonstrate the impacts being delivered but that the impacts significantly outweigh the costs. At present we do not have this level of evaluation impact being generated for BITP. Invest NI need to develop a model which provides at least information which can be benchmarked against other similar programmes, therefore allowing those responsible for allocating public monies the opportunity to check that the monies are being invested in a VFM manner.

The model being developed by Invest NI economics team in conjunction with BIS should provide a much greater level of scrutiny and accuracy regarding productivity and competitiveness. The issue here will be the timelines involved in designing the model, testing it, validating and rolling it out. It is also recognised that there are likely to be implications for the BITP management information systems and these will also need to be developed to support delivery of any new model. This will all take time and meanwhile we are in a period when tough public sector decisions will need to be made and we do not have the impact information needed to make informed decisions on the programme. It is essential that the new model is operational in the very near future and as it is being developed that INI develop the management information systems to support the information that will be required to support it.

4.5 Summary

The key findings highlighted in this section are as follows:

- The performance targets set by Invest NI for BITP were on the number of cases to be approved each year, rather than impacts. Invest NI achieved or overachieved on this case each year except for 2005/6. The targets however need to be developed in line with the rationale for BITP support to NI companies. This should be actioned at an economic appraisal stage for any future funding.
- Our ability to assess the impact and achievements delivered by BITP is limited by the lack of tracking/ evaluation or ROI. The evaluation completed by SQW in 2005 on BITP's predecessor – CDP highlighted a number of areas where action was required. The analysis of Invest NI's BITP database and monitoring reports has highlighted that there are a number of areas that have not yet been implemented. The areas which either no action or insufficient action has taken place are, were central to the evaluation report's findings and were:
 - Development of a Return on Investment calculation
 - CDP needs greater tailoring to the needs of small businesses
 - Real Time tracking does not happen

- Post Project Evaluations are being completed on some but not all companies supported through BITP. Those that are being completed do not contain all the information needed to provide a detailed analysis of their impacts
 - CDP/ BITP could still be better integrated into Invest NI's portfolio of People Excellence Supports.
-
- An assessment of the extent to which BITP support has been deployed into the priority sectors for Northern Ireland, has shown that whilst ICT/ Financial Services have received about 35% of the funding it is not easy to align BITP support against the other sectors identified under MATRIX as being economically important to NI. A basic review would highlight for example that Life Sciences would be receiving less than 2% of funding, even though this is a priority sector. However caution is needed as this assessment is too simplistic and does not take account of the size of the sector or specific business needs.
 - Invest NI launched BITP in 2006 and since then there has been a significant change particularly over the last two years away from providing support based on pure training and development to providing support which educates clients on the need to only invest in training and development which will improve business competitiveness / productivity and ensuring that the Business Advisors are better able to challenge the costs and additionality of any support being offered :
 - Invest NI have monitoring systems in place, but they need to be strengthened. Specifically:
 - The quality of reports completed as Annual Reports or PPEs needs to be improved.
 - The existing information systems within Invest NI need to be integrated, namely Oracle finance system. At present there is a need to view two separate systems to access information on offers/ draw down of monies, monitoring information and therefore impacts. An information system needs to be set up in order to allow Invest NI to monitor all investments in to clients in comparison to impacts;
 - Invest NI should devise an implement its own Return on Investment Model- one which allows the benefits/ impacts against costs to be monitored. Ideally this should facilitate the measurement of impacts beyond the company and consider the wider impacts on the economy or society.
 - Invest NI should set targets for the expected Returns on Investment needed from BITP supports, and
 - There needs to be better communication between the Business Advisors and Client Executive regarding the Return on Investment results against targets and any other areas of action.

5 SURVEY AND CONSULTATION FINDINGS

5.1 Introduction

This section presents a summary of the key results and findings of two surveys to successful and unsuccessful applicants for BITP; and consultations with stakeholders, including:

- Invest NI Client Executive;
- Business Advisors;
- Chartered Institute of Accountants;
- Institute of Directors; and
- CBI.

5.2 Survey to Applicants

5.2.1 Introduction

Companies that received financial support from BITP had the opportunity to provide feedback on the service received through the programme, including the aspects they consider of value, whether BITP met their needs and any improvements for future delivery.

The aim of the survey to companies that applied for BITP but were not successful was to understand their experience of applying, whether they went ahead with their training plan despite not getting financial support from BITP, and their overall satisfaction with the process.

Appendix 1 and 2 include the questionnaires structure and all the responses provided.

5.2.2 Successful Applicants

5.2.2.1 Methodology

We were provided with the contact details of 367 different companies who received at least one financial allocation under the BITP (327 of these were valid contacts). We issued an email with a link to an online version of the survey to all these companies. In addition, we offered the option of completing the questionnaire by phone to provide more flexibility to the potential respondents to complete the survey. A total of 77 questionnaires were completed (24% of valid contacts provided).

The following table presents the profile of the companies supported by BITP and the profile of the survey respondents in terms of employee numbers. It demonstrates that the survey responses are representative of the BITP population figures for the period.

Table 5.1

BITP – Profile by Number of Employees – Population and Survey Respondents

Size Bands	% of Financial Assistance during 2005/06 to 2009/10 (ALL)	% Survey respondents
< 10	11%	5%
10 - 49	33%	36%
50 - 249	35%	36%
250 - 499	9%	9%
500 - 999	8%	6%
1000+	4%	6%
N/A	1%	0%
Total	100%	100%
Source: FGS McClure Watters (July 2010)		

Please note that of the 77 companies that provided feedback about their experience of BITP, the majority of them (56%, n=43) were still to complete the programme (at July 2010), and 40% (n=31) had already completed their project (4%, n=3 did not specify).

A summary of the expected completion dates indicated by those that were still working on their project is as follows – **Completion date for BITP project (n=43):**

- August 2010 to December 2010 – 10 respondents (23%);
- January to June 2011 – 11 respondents (26%);
- July to December 2011 – 11 respondent (26%);
- January to June 2012 – 1 respondent (2%);
- July to December 2012 – 4 respondents (9%);
- After 2012 – 1 respondent (2%); and
- No answer – 4 respondents (9%).

5.2.2.2 Awareness

Almost 70% of respondents indicated they first became aware of the BITP through Invest NI Client Executive, followed by Invest NI Business Advisor (15.6%) and other colleagues (7.8%).

5.2.2.3 Skills and Training Development Solution

The majority of companies (90.9% = 70 respondents) had identified a skills issue within their company prior to engaging with BITP. The Training Development solution they proceeded with was identified by the respondent or internal staff / management (72%), Invest NI Client Executive / Business Advisor including HR (24%) and others (4%).

The quality of advice provided by Invest NI in challenging their training plan was perceived as excellent (54.5%) and satisfactory (41.6%). Only 3 respondents (3.9%) rated the advice as poor (reasons included 'limited knowledge of learning and development, skills development

and best practice', 'no attempt to add value to our thinking' and 'out of touch with real business needs, ham-strung by bureaucracy, no bias for action or pro-activity').

5.2.2.4 Business Health Check and Other HR Supports

27 of 73 respondents (37%) indicated Invest NI Business Health check identified a skills issue in their company, including training in various departments of the business, ICT, cross-training in machinery and employee positions.

Other HR supports used from Invest NI are:

- Awareness and workshop (10 respondents);
- HR Advice & Guidance (14 respondents); and
- Consultancy (15 respondents).
- Information required to submit was felt to be appropriate for 63.6% of respondents, too much information required for 32.5% and too little information required according to 3.9%.
- Time taken by Invest NI to process the application was appropriate for 69.7% of respondents, and too much taken by Invest NI for 30.3%.
- Usefulness of the process of developing a Training Plan as part of BITP application was useful for almost all the respondents (92.2%) and not useful for 7.8% of them. Reasons provided included 'too complicated', 'unrealistic' and 'constant changes in the business / sector'.

Overall, the majority of respondents indicated positive aspects about the application and training plan process. However, a few respondents highlighted a too complicated process regarding the information required and the bureaucracy involved in applying.

5.2.2.5 Impacts

Companies were asked to provide details of impacts of BITP on different areas of the business:

- More motivated staff – 83.6% of companies (61 of 73 respondents).
- More competent staff:
 - 67.5% of respondents – managerial skills;
 - 64.9% of respondents – technical / product related skills;
 - 54.5% of respondents – improved quality skills;
 - 33.8% of respondents – cost reduced as a result of BITP; and
 - 3.9% of respondents – no impacts on competence of staff.
- Improved processes – 79.2% of companies (57 of 72 respondents).
- Improved customer service – 69.3% of companies (52 of 75 respondents).
- More flexible workforce – 68.1% of companies (49 of 72 respondents).
- Reduced costs – 56.8% of companies (42 of 74 respondents).

- Increased profit margins – 44.4% of companies (32 of 72 respondents).
- New products – 37% of companies (27 of 73 respondents).

The impacts above relate and contribute to the overall economy in terms of productivity, profitability and competitiveness. Although the majority of companies were not able to measure the specific impact of BITP on their business, they felt that the training undertaken as a result of the funding received had contributed to their productivity and business profits, as well as to the capabilities and skills of the workforce, therefore, to their performance. Appendix 1 presents detailed information and comments regarding the feedback provided by a sample of successful applicants. It highlights that respondents felt that the investment had first as a process helped companies see the benefit of linking T+D to business needs and also that it supported the research we have detailed in section 2 regarding the importance of management and leadership development – as respondents highlighted that this in particular helped them increase their efficiency/ their ability to coach others and solve problems.

5.2.2.6 Follow up

28 companies indicated that they needed follow up support from Invest NI after BITP assistance was provided. Of them, 82.1% (23 companies) received the support they needed and 17.9% (5 companies) did not.

When rating the follow up support provided, the majority of companies specified it was 'very good' (46.4%, n=13 respondents) or 'good' (39.3%, n=11 respondents), followed by 'average' support for 3 respondents (10.7%) and 'poor' for 1 (3.6%).

5.2.2.7 Other Training / Development Supports

Almost three quarters of respondents (74%, n=54) stated that the service received gave them the confidence to introduce other training / development supports into their business, including other training initiatives / programmes / providers, consultants, regular meetings with staff members regarding their training needs, other training programmes to build on the BITP project, etc. A sample of comments provided is as follows:

- 'The general level of support was excellent and we have been given guidance, help and support for other initiatives'.
- 'The processes 'championed' by INI can be adapted and utilised to develop skills of other personnel within our business'.
- 'As a result of implementing BITP and IIP our staff are seeing the benefits of training and development activities and are requesting further training'.
- 'We have taken part in the Profit through Improvement programme'.
- 'This took some of the financial burden away making training a bit more affordable'.
- 'Provided a more focused learning culture into the business'.
- 'We have looked at Accelerated support fund, Business Improvement Agent grant, management salary type grants and R&D grant also'.

The remaining 26% (n=19) did not introduce other training or development support within their company. The reasons specified include *'the level of effort required'*, *'a too protracted and difficult process'*, *'the pressures of the current economic downturn'*, *'no useful supports identified'* and *'lack of time'*.

5.2.2.8 Additionality, Deadweight and Displacement

Additionality & Deadweight

Companies were asked if they would have gone ahead with the training if BITP had not been available. According to the responses given by 74 respondents, the level of full additionality has increased significantly to 21.6% compared with the previous evaluation (8%) – this suggests that over a fifth of BITP users would not have proceeded in the absence of BITP financial support.

Considering additionality by company size, there is no significant evidence of higher additionality in smaller companies and lower for larger. In contrast, the previous evaluation highlighted that small firms were least likely to have taken any alternative action (18%) in comparison to all the firms (8%).

Partial additionality refers to those companies that would have gone ahead with their training programme later and/or on a smaller scale, if BITP had not been available to them and. Partial additional figure was 72.9% (n=54):

- 29.7% (n=22) would have gone ahead but in a longer timeframe;
- 35.1% (n=26) would have gone ahead with part of the training; and
- 8.1% (n=6) would have gone ahead but in a longer timeframe and with part of the training.

The remaining 5.4% (n=4) would have gone ahead exactly the same. These results demonstrate a significant improvement in additionality in comparison to the evaluation results in 2005, when 63% of companies said that if the CDP had not existed, the training would have covered the same content as for their CDP project.

Table 5.2a:
BITP – Additionality and Deadweight – Comparison of the Evaluation in 2005 (CDP) & in 2010 (BITP)

Eval.	Full Additionality	Partial Additionality	Deadweight
2005 (CPD)	8% would have taken no action	<p>'If the CDP had not existed, what prime action do you believe you would have taken to address the issues facing your business?' (single response)</p> <ul style="list-style-type: none"> • 51% - In-house project; • 33% - Externally provided training; • 8% - Would have taken no action; and • 8% - Another Public Sector scheme. <p>In addition,</p> <ul style="list-style-type: none"> • 86% - in a longer timeframe; • 77% - on a smaller scale (less breadth to their training project) 	63% - training would have covered the same content as for their CDP project
2010 (BITP)	21.6% (n=16)	<p>72.9% (n=54):</p> <ul style="list-style-type: none"> • 29.7% (n=22) in a longer timeframe; • 35.1% (n=26) with part of the training; • 8.1% (n=6) in a longer timeframe and with part of the training. 	5.4% (n=4)
Notes:			

Table 5.2a:

BITP – Additionality and Deadweight – Comparison of the Evaluation in 2005 (CDP) & in 2010 (BITP)

Eval.	Full Additionality	Partial Additionality	Deadweight
	<ul style="list-style-type: none">• Full additionality is where the programme's benefits are wholly attributable to the programme• Partial additionality is where the activity would have been carried out earlier, or on a larger scale or to a higher specification or has displaced existing activity.• Deadweight is activity that would have occurred regardless of the programme. <p>Source: FGS McClure Watters (July 2010)</p>		

Displacement

Other publicly funded training and development supports that companies indicated they had used include 16 different programmes, mainly provided by DEL (Bridge to Employment, Apprenticeship, Management Training support, Time Team Leader and Excellus). Of the 44 respondents that provided an answer to this question, 70% (n=31) had not pursued any other supports.

5.2.2.9 Estimated against Actual Timescales

Companies were asked about the timescales anticipated for the completion of the BITP. On average, these were estimated as needing 2.4 years to complete the BITP, with the majority of respondents indicating between 2 and 3 years (42%) and 3 and 4 years (19%).

Of the 65 respondents that provided an answer, 58.5% (n=38) indicated the timescales anticipated by their company were achieved. However, 41.5% (n=27) said that the timescales were not achieved due to different reasons, including 'project still on-going, economic downturn, changes in staff / customer requirements, unrealistic timeframe and difficult claim process'.

5.2.2.10 Expected against Actual Achievements

A wide range of expected achievements were specified by the respondents. However, only 28 companies provided details of the actual successes, including:

- 15 companies fully achieved the objectives they expected such as increase in sales, increased efficiencies and capacity, more flexibility and motivated staff, product and process improvements and better managerial skills.
- 11 companies stated they partially achieved the objectives expected or were still in the process of obtaining results.
- 2 companies did not indicate expected results but complained about the slowness of the assessment of claims and the fact they had not received the monies from BITP.

5.2.2.11 Satisfaction with BITP

Overall, the level of satisfaction of the companies was positive, with 36.4% (n=28) stating they were 'very satisfied' and 42.9% (n=33) 'satisfied'. Reasons included financial support, motivational support, improvement of performance levels in the current economic climate, and helpfulness and knowledge of the local team.

Conversely, 13% of companies (n=10) were neither satisfied nor dissatisfied and 7.8% (n=6) dissatisfied with BITP. Reasons included the complexity of Invest NI systems, changes in the administration of the scheme, poor communication by Invest NI and changes in the format of the claims and data required.

5.2.2.12 Future Improvements

49 respondents suggested 96 recommendations for the future of BITP, including:

- 51% (n=30) – ***Claim form and process should be streamlined and simplified.*** Respondents claimed the timescales are too long and the process too complicated, bureaucratic and time-consuming. Several respondents also highlighted that the claims system has been modified at least twice throughout the agreed term for the development of their project.
- 12% (n=6) – ***Flexibility between training elements / changing requirements should be increased.*** This refers to the flexibility of the training elements / plan depending on its scale and the business needs.
- 10% (n=5) – ***New systems should be implemented in order to get input from customers and improve communication.*** This refers again to the interaction between BITP staff and companies regarding BITP system, which should be more user friendly.
- 8% (n=4) – ***Departments involved in BITP should have a joined approach and better coordination.*** This includes the department that provides support with funding case and the claims department, BITP and audit teams, claim documentation and letter of offer and claim department itself.

5.2.2.13 Experience of BITP

Companies were asked if they would use the BITP again and the majority of them indicated they would (89.6%, n=69). However, 6.5% (n=5) stated they did not know and 3.9% (n=3) that they would not use the Programme again. The reasons for this were as follows:

- Poor experience to date with the claim process;
- The level of administration involved regarding making a claim and its constant changes make the system unworkable and not worth the effort unless large amounts of funding are claimed;
- Too inflexible and too much administration.

5.2.3 Unsuccessful Applicants

This section presents the main findings of a survey aimed at a selection of companies that applied for BITP support but were not successful in receiving financial assistance. This meant an opportunity to provide feedback on their experience of applying for BITP.

Appendix 2 includes the questionnaire structure and all the responses provided.

5.2.3.1 Methodology

We were provided with the contact details of 29 different companies who applied at least once for BIPT support in 2008/09 or 2009/10 (26 of these were valid contacts, including 3

respondents that rejected taking part in the survey). We issued an email with a link to an online version of the survey to all these companies. In addition, we offered the option of completing the questionnaire by phone to provide more flexibility to the potential respondents to complete the survey, and up to three follow up phone calls were made. A total of 12 questionnaires were completed (46% of valid contacts provided).

5.2.3.2 Respondents Profile

The 12 companies that provided feedback of their experience of applying for BITP support had less than 500 employees, and the majority of them less than 25 staff (58.3%, n=7 respondents), followed by companies with 25 to 50 employees and 51 to 200 employees (16.7% each, n=2).

The sectorial breakdown of the respondents include Engineering and Business Services (33.3%, n=4), Manufacturing (25%, n=3) and International ICT (16.7%, n=2).

5.2.3.3 Awareness of BITP

The main source of awareness of BITP for the unsuccessful applicants was Invest NI Client Executive (75%, n=9), followed by Invest NI Business Advisor, Invest NI website and through Networking (8.3% each, n=1).

5.2.3.4 Skills Issue within the Company

All the respondents (n=12) indicated that they had identified a skills issue within their company prior to engaging with Invest NI, including business development, project management, new product, marketing and selling, financial, manufacturing and middle/ senior management.

5.2.3.5 Understanding of Rejection

Two thirds of companies understood the reason(s) why their application was unsuccessful (n=8) and one third did not (n=4), including two companies that were not sure that feedback had been requested by them after receiving the rejection letter.

The majority of those that understood why their application was not successful specified they did not proceed with their application. The main reasons indicated were:

- cash flow difficulties, companies could not afford to pay part of the training programme; and
- ineligible training costs.

Two of them said that keeping the company afloat became their priority and training a lower priority for the business.

5.2.3.6 Additionality and Deadweight

Half of the respondents (n=6) did not go ahead with their training plan without financial support from BITP. Therefore, the level of (estimated) full additionality is 50% for the unsuccessful respondents.

The other half of the respondents (n=6) went ahead with a training programme / plan within their company despite not getting financial support from BITP. The training development solution they proceeded with was identified by internal staff or management / the respondents themselves (83.3%, n=5) and Invest NI (16.7%, n=1).

The training plans developed by the respondents include a wide range of skills: sales, marketing, health and safety statutory and training, leadership, production/ processes, product, IT and team development areas.

The impact of not receiving financial support from BITP (estimated additionality) that was indicated is as follows:

- 50% (n=3) – Training was started/ will start at a later stage and was completed/ will be completed on a smaller scale;
- 33.3% (n=2) – No difference, the training achieved/ will achieve the same results; and
- 16.7% (n=1) – Training was completed/ will be completed on a smaller scale.

In light of the above, the level of partial additionality - companies that would have gone ahead with their training programme earlier and/or on a larger scale - is 33.3% (n=4); and the level of deadweight - companies that have achieved/ will achieve the same results as if financial support had been received - is 16.7% (n=2).

5.2.3.7 Experience of applying for BITP financial support

- Information provided at the outset stage of BITP regarding its purpose and eligibility criteria was felt to be appropriate for 88.9% of respondents (n=8), and too little information provided according to 11.1% (n=1). [9 total respondents to this question]
- Information required to submit was felt to be appropriate for 77.8% of respondents (n=7) and too much information required for 22.2% (n=2). [9 total respondents to this question]
- Time taken by Invest NI to process the application was appropriate for 88.9% of respondents (n=8), and too much taken by Invest NI for 11.1% (n=1). [9 total respondents to this question]
- Information provided by Invest NI regarding the rejection of their project proposal was felt to be appropriate for 66.7% of respondents (n=4) and too little information provided for 33.3% (n=2). [6 total respondents to this question]
- None of the respondents had applied for BITP previously.

Overall, the majority of respondents indicated positive aspects about the application process and rejection information.

5.2.3.8 Barriers for Investing in Skills Development

The main barrier for investing in skills development indicated by the unsuccessful applicants is lack of time (81.8%, n=9), followed by lack of funding (63.6%, n=7) and lack of awareness (27.3%, n=3).

5.2.3.9 Improvements

Only four respondents suggested five future improvements for BITP, as follows:

- The training plan did not seem to allow for variations as per size of companies. It should consider a more flexible approach for smaller companies.
- The training plan required too much information;
- The process and current complex calculation of costing should be simpler;
- Invest NI staff should have more awareness of sectors and industries they are awarding funding to; and
- Response times need to be greatly improved as businesses cannot sit around and wait for funding if they are to be also responsive and competitive; currently the application process is wholly unrealistic.

5.2.3.10 Overall Satisfaction

The majority of companies would apply for BITP again in the future (90.9%, n=10), of which two of them specified that if the process was simplified and quicker. One respondent would not apply to the BITP again because it “was a very negative experience and don’t ever want to be involved again”. [11 total respondents to this question]

66.7% of respondents (n=8) would recommend BITP to other businesses [12 total respondents to this question] and 33.3% (n=4) would not. The reasons provided for not recommending BITP are:

- Needs to be simplified;
- I would not recommend to other businesses in the same sector; perhaps to businesses that have time and energy to dedicate to such an application process.

5.2.4 Surveys Key Findings

From our suite of consultations, the vast majority of applicants were satisfied with their experience of applying to BITP, whether they had been successful or not.

Additionality and Deadweight

One of the key aims of the consultation was to measure the levels of additionality and deadweight to see if the low levels highlighted in the previous evaluation had been enhanced. The results for the period evaluated (2005/06 to 2009/10) demonstrate a significant improvement and benefits attributable to the existence of BITP, as follows:

Table 5.2b
BITP – Survey Results - Additionality and Deadweight

	Full Additionality	Partial Additionality	Deadweight
Successful Applicants	21.6% (n=16) of those who responded (n=74) would not have been able to achieve the same results without BITP support.	72.9% (n=54) of those who responded (n=74) would have been able to achieve the same results in a different way, albeit on a longer timescale and/or a smaller scale: <ul style="list-style-type: none"> • 29.7% (n=22) would have gone ahead but in a longer timeframe; • 35.1% (n=26) would have gone ahead with part of the training; • 8.1% (n=6) would have gone ahead but in a longer timeframe and with part of the training. 	5.4% (n=4) would have gone ahead exactly the same without financial support from BITP.
Unsuccessful Applicants	50% (n=6) of those who responded (n=12) have not been able to proceed with their training plan without BITP support.	33.3% (n=4) of those who responded (n=12) have been able to achieve the same results without BITP support, albeit on a longer timescale and/or a smaller scale: <ul style="list-style-type: none"> • 25% (n=3) started their training plan at a later stage and completed on a smaller scale; • 8.3% (n=1) completed their training plan on a smaller scale. 	16.7% (n=2) have achieved or will achieve the same results as if financial support had been received.
Notes: <ul style="list-style-type: none"> • Full additionality is where the programme's benefits are wholly attributable to the programme • Partial additionality is where the activity would have been carried out earlier, or on a larger scale or to a higher specification or has displaced existing activity. • Deadweight is activity that would have occurred regardless of the programme. Source: FGS McClure Watters (July 2010)			

Successful Applicants

Those companies that were allocated monies from BITP indicated multiple impacts of the training programme developed, including more motivated staff (83.6%), improved processes (79.2%), improved customer service (69.3%), more flexible workforce (68.1%), reduced costs (56.8%), increased profit margins (44.4%) and development of new products (37%).

Although their overall experience of BITP was positive for the successful applicants, several companies outlined the need for improvement in areas of the programme, mainly regarding the claim processes and forms and the coordination within BITP departments and their communication with customers. It was highlighted that the claim system has changed at least three times throughout the agreed term for the development of their project.

Unsuccessful Applicants

Although the sample of unsuccessful applicants is not highly representative (12 respondents), it is surprising that the majority of them (91.6%) had less than 200 employees, including seven companies with less than 25 staff (58.3% of the total).

The main barrier indicated for investing in skills development is lack of time (81.8%), followed by lack of funding (63.6%) and lack of awareness (27.3%).

For them, BITP should improve its training plan in terms of flexibility and approach for smaller companies, as their capacity and availability to go through the application process and calculating the costs is limited.

5.3 Consultation findings

5.3.1 DEL

DEL has recently set up a Skills Advisors team who will focus on non Invest NI clients and provide them with help and guidance on devising training and development plans and they will refer clients to DEL Development Programmes as appropriate to their needs. DEL has built up a strong knowledge on training and development providers and they have a number of approved programmes and courses. At present DEL clients can get on these programmes at no cost (this is an incentive brought in due to the economic downturn).

DEL does not have the resources to provide this support to Invest NI clients. DEL highlighted the recent work with Invest NI and the FE colleges in looking at how they work together to support companies who need skilled staff. They highlighted the resources and expertise within FE colleges¹³ and the benefits they can deliver companies. DEL is looking to do more to make best use of this resource.

Innovation Vouchers were also highlighted as a way in which companies can be allocated training and development supports with a min of administration. The vouchers can be used only with approved providers and they can detail the amount and type of training, which will be derived from the needs of the businesses.

5.3.2 CE Feedback

BITP is seen by Client Executives to form the 2nd most important support to Invest NI client companies (after SFA). It not only provides funding, but it provides a structured approach to assessing skills development needed to support development of businesses. This structured approach has resulted in client companies being better able to identify and prioritise their most critical skills investments.

It was highlighted that BITP provides a key mechanism through which companies can learn from others in their sector, about the best solutions to people problems and also to educate them on the need to stay ahead of the competition. For example, at a basic level the Aerospace sector cannot get the skills needed and therefore the only option it has is to train up 16 to 17 years old. Knowing this can help companies in this sector save time/ money by trying to recruit, when insufficient resource exists in the market place. Being part of a cluster grouping is a key aspect of helping companies learn and stay ahead or aware of the competition. For example, aerospace companies involved in the SC21, have been able to keep up to date with new developments and BITP support has helped invest in the skills and development needs of companies involved¹⁴. Cluster programmes such as these play a significant role in raising the productivity of the sector.

¹³ FE Means Business- Government Strategy detailing the need to make best use of the FE colleges in developing business.

¹⁴ SC21 is a change programme designed to accelerate the competitiveness of the aerospace & defence industry by raising the performance of its supply chains. International competition, together with the challenges posed by the defence industrial strategy, necessitates rapid improvement in the effectiveness of our supply chains. At the same time, industry must ensure that it delivers competitive solutions for customers whilst maintaining profitable business growth. Signatories to SC21 are committed to developing supply chains to ensure they remain competitive and able to deliver increased value to customers. To be a signatory to the SC21 action plan you do not have to be a large prime company, companies from all levels in the supply chain are actively encouraged.

BITP was also highlighted as important to the Contact Centre Sector, through supporting FDI projects and encouraging companies to train up young people to international customer service standards. A number of the contact centre support packages have been to companies setting up in areas of high deprivation, which has often made it more difficult to recruit enough people with the existing skills needed to support the business. They also tend to focus significantly on bringing in graduates that can be developed in management and supervisory skills.

The Client Executives highlighted that it is more difficult to get small companies involved in BITP as they don't have the time or resource to invest in devising a training needs analysis and developing a training plan linked to business objectives. In those cases of small companies that have used BITP, the support of the Business Advisor is key to help them through Invest NI processes. We understand from the Client Executives that they recognise that neither the Business Advisors nor the HR advisors would have the time required to provide this level of support.

The Client Executives also highlighted a number of areas for development:

It wasn't always clear who was responsible for monitoring the overall impacts of BITP support and that this is an area where development is needed;

- When Client Executives submit SFA cases to committee they need to demonstrate that specific SFA Value for Money Metrics have been met. The Client Executives felt there needed to be a similar level of rigor applied to BITP;
- There have been significant delays in getting monies out to BITP clients in recent months and this is causing a number of clients' problems with their cash flow. Also clients have been given three different sets of instructions regarding how and what to submit in their claims over the last year and this is causing client's major frustration and time/ money.

SC21 signatory companies are committed to:

- **A new SC21 business culture:** no matter what our role or position in a supply chain, we are determined to effect fundamental business transformation. We will work openly and transparently, through sharing information and working collaboratively, to deliver benefits across the industry. We will avoid duplication and waste.
- **Delivering innovation:** we will build on success to enable our industry to be a leader in the development of competitive value chains. We will pursue the most competitive solutions for our customers, by accessing innovation and specialist expertise. We will encourage innovation and investment of all types throughout the supply chain, achieved through providing a more trusting and open environment.
- **Through-life solutions:** total through-life cost is of paramount importance to our customers. We will involve all functions of the supply chain, for example: procurement, engineering and finance, throughout the project, product or service lifecycle. Transparency will be encouraged, with more planning and forecast data made available using bid conferences, project conferences and other means of communication.
- **Delivering the SC21 plan:** as a signatory to this action plan, we accept that our adherence to the commitments will be tested annually and that our performance will be measured and published. We will help in the development of this plan by sharing experiences.
- **Leadership:** we will encourage colleagues in the industry, including our customers and suppliers, to join SC21 as both signatories and active participants.
- **Ethical practices:** we will ensure that all business is conducted in a principled manner, with the highest degree of personal and business integrity.
- **Increased pace of change:** our rate of change and improvement will be at an accelerated pace. Signatories will work together to harmonise how supply chains are developed, how accreditation occurs, how performance is measured and how relationships are improved.

5.3.3 Business Advisors Feedback

BITP is seen as critical to the economy's success. Northern Ireland productivity depends on the skills/ education of the workforce, the management/ leadership abilities of those in charge of running the companies and how well these managers/ leaders use the skills they have within their workforces.

Invest NI is looking more and more at how to develop the Absorption Capacity of companies in Northern Ireland. Training and Development has a significant role to play in developing the abilities of companies to invest effectively in R+D, to be efficient, to make best use of their resources, to think and act globally etc. BITP is seen to become increasingly focused on how it can help companies focused on growth through R+D, innovation and exporting.

There has been a significant change in the focus of BITP compared to the previous CDP programme. In particular, there is now greater challenge by the Business Advisors with their client companies regarding additionality. This also involves a more detailed challenge with companies regarding the type of activities they are involved in and whether these are additional and focused on growth; the costs – (eligible versus ineligible costs) and the company contribution. The Business Advisors feel that they have developed their skills and confidence in this area and feel more able to challenge that they had done previously. It was felt that the movement of a number of Business Improvement senior staff into this area has helped ensure that the systems and processes have been redesigned and implemented over the last 2 years in particular.

The Business Advisors felt there are still areas for development, namely:

- Increasing the number of small companies, but this will need more handholding from the Advisors. Also they highlighted that in many Micro Companies- BITP is not an appropriate solution. It may be more appropriate for these companies to use Interim Managers or other supports which provide the leadership/ management time and support that they need to grow;
- Business Advisors highlighted the growing emphasis on transferable skills and that this is entirely appropriate as they will go onto other firms and these skills will not be wasted in the overall system.
- At present the BITP team are organised by sector, but there also is recognition that micro companies have very different needs from larger companies and at present BITP treats them all the same.
- At present, there is very little linkage between the HR advisors and the Business Advisors working on BITP. The HR advisors are working mostly with the small clients and helping them with basic HR issues. There therefore hasn't been the resource to get HR involved in supporting companies with Training Planning.
- BITP clients and other Invest NI companies are not provided with any information or support regarding appointing training/ development providers. Some clients who do not have in-house HR/ Training resources do find it difficult to make informed decisions regarding best value provision.
- When a Business Advisor submits a BITP case, they need to have up to date financial information from the Client Executive. Most do not send this information with the RDS when referring their client to BITP. This needs to happen in order to reduce the time taken to assess the application.

- There is also a need to ensure that Invest NI generally is not asking client companies for information requested by other parts of the organisation e.g. the SFA, R+D teams etc. At present that lack of one integrated system makes this a possibility.
- At programme level, there is a need for BITP KPIs- focused on increasing revenues or decreasing costs. These should also include measures regarding the % of BITP support going on Mgt training/ Development; Developing Companies in how to manage R+D/ commercialise Research/ Develop Collaborations etc and generate efficiencies.
- The linkages between Invest NI and DEL are developing, however the Advisors felt more interaction between the two organisations on company skills development was needed. They recognise that DEL will have Skills Advisors in the near future and feel that there is an opportunity to set up some process so that both groups can keep in touch over what processes/ projects they are developing; what is working not working etc.
- The claims process needs to be fixed as at present clients have been informed of at least 3 sets of changes to the existing process and they are having to wait for long periods for their monies, causing significant frustration for the clients. This also impacts on the Advisors as they are often the first point of contact for their calls and it also leads to inefficiency in how they spend their time.

5.3.4 Momentum

Momentum highlighted that many of the companies in their sector are micro companies, and they felt that BITP was not being marketed to these companies nor was it developed to be appropriate for them as they would not have the T+D resources or infrastructures in place to deliver BITP. However it was felt that many Micro and SMEs in this sector needed to do more training and development, but they also needed an appropriate government intervention to support these companies.

5.3.5 CBI

The CBI's feedback is also highlighted in section 2 under the response of the Business Alliance to IREP. The CBI highlighted the importance of BITP to the Northern Ireland economy and that there is a need to get the level of skills and qualification increased significantly. Leadership and Management Development are also a top priority and without these other elements of the productivity equation cannot be delivered. They see Leadership and Management as being more important for example than Innovation and that government support should be allocated in line with this. Finally, there was a need for Invest NI to cut the bureaucracy around the claims process and that this needed urgent action given the current economic climate.

5.4 Summary

The consultations highlighted a number of strengths and areas for development with BITP. The survey responses detailed the importance of BITP to client companies, the satisfaction with the programme (except claims) and the benefits achieved which included developing the abilities of staff within companies to develop their own training and development plans and to challenge their own expenditures in this area.

The consultees highlighted a number of areas for improvement, the need to:

- develop the programme to support the needs of micro and small firms;

- *providing advisory support as well as funding*
- *reducing the administration and considering other options such as innovation vouchers*
- *utilising FE college supports and expertise*
- develop BITP programme measures
- improve the monitoring and evaluation
- the opportunity for DEL and Invest NI to work together based on each other's strengths to meet the needs of companies.

6 REVIEW OF PROCESSES & OPERATIONAL ISSUES

6.1 Introduction

In this section we set out the processes used by Invest NI to assess applications and make letters of offer. This section is not completed and includes Invest NI process information.

6.2 Appraisal Process and Assessment Criteria

Applications can be:

- initiated by direct contact between the Company and BIS (i.e. Company self-identification);
- driven by a Business Health Check (BHC) which has led to the development of an Integrated Action Plan (IAP) agreed with the Company; or
- new inward investment project.

Referrals are formally initiated by the appropriate Client Executive who must be satisfied that the Company meets the Eligibility and Viability criteria.

Invest NI's appraisal of each application is based on the information provided by the Company in its written submission and in discussions with the Client Executive. However, information provided by the Client Team, other sections within Invest NI, and external sources (e.g. financial/ training consultants) are be taken into consideration, as will the Business Advisor's and Client Team's own knowledge and experience. All projects are assisted on the basis of Invest NI's Principles for Business Support (Ref: Invest NI Operating Manual).

The objectives of the appraisal process are to establish:

- a) Whether the Company is viable;
- b) Whether the project is viable or significantly threatens the applicant's viability;
- c) Whether the Company is eligible for BITP assistance;
- d) Whether the proposed project is consistent with the Strategic Objectives of the BITP Programme;
- e) Whether the project is feasible from a managerial/capability point of view;
- f) Those costs which can be considered eligible for BITP assistance;
- g) Whether there is an additionality case;
- h) An appropriate rate of assistance;
- i) That economic efficiency has been demonstrated;
- j) Whether it satisfies ERDF requirements including DPA (Development Path Analysis, see Appendix 3); and
- k) The impact of the proposed project on company capability.

The preparation of a Training Needs Analysis / Training Plan and implementation of the Training Plan is part of this process. Under BITP, applicants may receive assistance with this part of the process.

In undertaking the appraisal of the application the Business Advisor considers, the:

- (a) Alignment of the training plan with the company strategy and the quality of the supporting information.
- (b) Whether the applicant has access to the necessary managerial competencies to successfully complete the project.
- (c) Whether previous training activities were successful.
- (d) Whether BITP investment in terms of financial assistance will have an adequate prospect of a return in terms of financial and wider economic benefits – e.g. social, knowledge spill over, supply chain.

6.2.1 Viability

As per Invest NI Operating Manual guidance; a project is deemed viable if, having received assistance on a once and for all basis, it is expected to earn sufficient profits to be self-sustaining without continuing subsidies. Viability is assessed by way of a critical examination of the company's business plan, and the underlying assumptions incorporated in its financial projections.

In the case of new Start-ups, where possible any other ventures in which the promoter is involved currently, or has been in the past, are considered. In terms of appraising financial position of start ups, standard Invest NI rules, will be applied (i.e. standard credit checks, etc.).

6.2.2 Additionality

The term, "additionality", is used to denote the fact that a project is likely to proceed in the timescale and manner proposed, only if assistance is offered.

BITP can only be justified when the project would not otherwise be carried out at all to the benefit of Northern Ireland, or when the nature, timing, or scope of the project would be severely impaired. It is the responsibility of the Business Advisor to challenge the robustness of all supporting evidence provided by the Company in relation to any Additionality argument.

6.2.3 Value for Money and Wider Economic Benefit

BITP seeks to promote and embed a business performance improvement culture in NI business. The BITP is committed to:

- Encourage business to embark on more adventurous, leading edge projects;
- Assist businesses to enhance people and process capability in order to gain and maintain suitable competitive advantage; and
- Identify exemplar companies to be used as role models and case studies for the promotion of Northern Ireland companies' capability.

When appraising BITP projects the Business Advisor is required to address the following:

Table 6.1
BITP – Assessment by Business Advisor

Indicator	
Contribution of projects to Invest NI's objectives	As per Programme for Government productivity/ growth / increasing employment targets, as detailed in BITP casework template (Appendix 4)
Rationale/ need for intervention	As per sections 1.2 (Project Details/Proposed Assistance) and 3.4 (Additionality & Mobility) of casework template (see Appendix 4)
Project Objectives	To include improvements in labour supply and skills and local business opportunities - section 3.2 of casework template: Project Objectives & Performance Indicators – Key project indicators. (See Appendix 4)
Wider costs and benefits	To include displacement
Regional benefits	- An enhanced training culture closely linked to economic returns; - Assist in the creation of a highly skilled and motivated labour pool in Northern Ireland.
Risks/ Mitigating factors	
Previous assistance	
Source: BITP Appraisal Guidelines (July 2009)	

6.2.4 Mobility

When appraising BITP projects the Business Advisor must address Mobility and consider the nature of the project within casework. Namely, is it:

- new inward investment?
- further investment by a FDI Client?
- expansion by an existing locally owned company?
- a new Start-Up?

Mobility explores the location of the project versus the mobility of funds and examines a parent company's policies and priorities on availability of funds. It questions the credibility of offers from competing regions and any company assertions regarding the project's location.

In the case of internationally mobile projects, Invest NI must also consider the nature of the relationship between the Northern Ireland Company and its parent, remembering that one of the objectives of the BITP is to raise the level and quality of training and development undertaken by NI companies. As highlighted in section 4, 8,492 new jobs created as 'mobile' jobs over the period from 2005/06 to 2009/10.

6.2.5 Environmental aspects

In appraising BITP applications the Business Advisor considers whether there are any significant environmental impacts associated with the project. For each project a Development Path Analysis should be completed and applied to the ERDF scoring matrix (see Appendix 3).

6.2.6 ***Innovation and Training***

A key objective of the BITP is to increase the level and quality of investment in training and development activities linked to business improvement projects undertaken by companies in Northern Ireland, with a view to increasing their competitiveness and export potential.

BIS assesses the level of innovation involved in the BITP project estimating the potential for improvement (score up to 60 out of 200 within the scoring matrix). The following comments need to be specified:

- Describe how the proposed activity will contribute to promoting innovation in NI-can this be quantified?
- What need will be addressed by this activity?
- Have any studies or caseworks been carried out in relation to the activity? If so. Please summarise the results and attach copies if possible.

Additional marks are as follows:

- *World Class training Achieved (up to 30);*
- *Training in advanced techniques new to company (up to 25);*
- *Training to Recognised UK Standards (up to 20);*
- *First time training for company (up to 15); and*
- *Training to industry norms (up to 10).*

In general, and in keeping with the scoring matrix implemented to address ERDF criteria, projects involving a high degree of innovation and risk are favoured.

6.3 **Casepapers**

The outcome of the appraisal is a casepaper prepared by the Business Advisor with input from the relevant Client Team. It includes any external consultancy reports (e.g. commercial appraisal. The Client Executive is responsible for assessing Company Viability and Additionality and the BA is responsible for assessing Project Viability and Additionality.

There has been an increased emphasis under BITP (compared to CDP) on BAs challenging clients to consider how the training and development will deliver business improvement and where these links are not clear then BITP support will not be approved.

6.3.1 ***ERDF Scoring Matrix***

The scoring matrix is a requirement of ERDF compliance and should be completed for each project undergoing appraisal.

The selection criteria and scores outlined within the matrix were issued by DFP. The narrative column is to be used as an indicative guide to help ensure that projects involving a high degree of innovation and risk will be favoured. When completing the scoring exercise for individual projects the Business Advisor should take into account the current context of the

company – i.e. the size/scale of business; specific sector; ‘newness’ to company training initiatives.

6.3.2 Development Path Analysis (DPA)

DPA is based on an assumption that certain patterns of development, or “development paths,” are more environmentally sustainable than others and that regions have choices about which path to pursue. The tool recognises six development paths, A-F, from activities that simply meet environmental regulations (A) to actions that support, as well as encourage, new types of activity or behaviour using fewer environmental resources, or producing less pollution, than existing activities in the area (F).

The objective of the tool is to help shift activity away from Path A and toward activity under Path F.

6.3.3 Invest NI Delegation Arrangements

The BITP appraisal levels are shown below (Note: Where the BITP project is part of a wider SFA support package requiring DFP/Ministerial approval the Business Advisor is still required to present the BITP casework element for approval to the appropriate BITP delegated authority within Invest NI):

Table 6.2
BITP – Programme delegations

Case Value	Delegation
Under £50k	Business Advisor
£50k to £250	BIS
£251 to £500k	Director
£501k to £750k	Managing Director
£750k to £1m	Executive Casework Committee
Over £1m	Board Casework Committee and Minister
Note: The programme delegations are expected to be changed due to the Transform Programme.	
Source: Invest NI Operating Manual	

Notes:

- Managers/Business Advisors may not authorise their own cases but must obtain approval from a higher approval level or, if within their delegated limits, peer approval, with their line manager also noting the casework. Cases up to £250k could be signed off by Team Leader (grade 7).
- The BIS Director must review on a quarterly basis 10% of the cases approved at Manager/Business Advisor level during the previous quarter.
- Any case may be referred up to a higher approval level if the Business Advisor or Manager feels it appropriate. E.g. a Director may be asked to approve a case under £250k even though this would normally rest with within a Business Advisor's delegation. Directors may not authorise their own cases but must obtain approval from a higher level. If a Managing Director and/or the Chief Executive has had direct involvement in a case brought before Executive Casework Committee, he/she shall not chair the Committee.

- *Director's signature (or if absent their Deputy's) must be included in all cases going forward to Managing Director, Executive or Board Casework Committee.*

6.4 Letters of Offer

The letter of offer outlines the amount and terms of assistance negotiated by the BA and approved by casework. It specifies the maximum investment support available and includes general conditions and standard contract details.

It also has a schedule appended which provides a summary of the project training plan under broad training themes; methods and conditions of payment of claims; any specific conditions or preconditions.

EU requirements state that the proposed project start date must not pre-date the date of submission of the completed Initial Project Application Form.

6.5 Application Processing Targets and Performance

The actual time taken to turnaround an application is recorded on CCMS (since January 2008 over the past 2 years). The results to date are as follows:

Applications under £750k (under BIS control):

- Target: **35 net working days** from receipt of a fully completed BITP application until the issue of a response to the company.
- Actual: **61.1 net working days**, with 75 applications on target of 251 total (29.8% on target).

Applications over £750k (under Invest NI control):

- Target: **60 net working days** from receipt of a fully completed BITP application until the issue of a response to the company.
- Actual: **108.3 net working days**, with 0 applications on target of 7 total (0% on target).

The information on the system shows a clear need to process the applications in line with the targets set out, as it took much longer than projected to process the majority of cases under £750k (70.2% of total applications) and all of the applications over £750k.

However, we understand that the existing process is not being implemented fully by the BAs. They are required to record information on the system regarding the amount of down time on a client that is outside their control, thereby ensuring that they are measured on the actual time they were responsible for. This has not happened and therefore the information on the system gives an incorrect assessment of the time they have taken on projects. The action from this is that there is a need for the Business Advisors working on BITP projects to accurately record the time taken by them to complete projects, in line with their own procedures.

Table 6.3

The actual results : Application Processing Targets and Performance

	08/09 Target	08/09 Actual	09/10 Target	09/10 Actual
Cases under £750k	35 days	59.2 days	35 days	61.4 days
Cases Over £750k	60 days	96 days	60 days	124.6 days

Note: These times only record the time under INI control, the actual projects may take much longer to complete due to action needing to be taken by the client or a commercial appraisal outstanding.

The information on the actual times taken to process cases illustrates that INI is not meeting target and some cases the projects are taking twice as long as projected to complete. There is a need for the Business Advisors to review their internal processes and to assess how they can work to ensure the application processing targets can be met.

6.6 Claims and Monitoring Requirements

6.6.1 Claims

Upon receipt of a completed claim form, the BA is required to sign-off that the Company has met all of the conditions as set out in the Letter of Offer. It is the role of the Client Executive to confirm if the Client is meeting all financial conditions, as set out in the Letter of Offer.

Invest NI's Claims Inspectorate Team identifies any BITP over-spend and it is the BA's responsibility to monitor and review with the Company in line with the Letter of Offer and any subsequent amendments to the LoO.

The following Claim Reminder letters can be issued, as required:

- BITP Claim draw down letter - to request companies to profile their estimated grant draw down.
- BITP Claim Reminder Ltr1 - to advise clients to submit a claim if they have failed to submit a claim within one month of the due date.
- BITP Claim Reminder Ltr2 - a stronger reminder advising clients that offers can be terminated if claims are not made in time.

6.6.2 Time Targets reference Claims

Note: feedback from the surveys indicates that clients are very disappointed with the amount of time taken to deal with claims. This one issue attracted considerable negative feedback from survey respondents and consultees. Many noted the pressures on companies' cash flow given the recession and noted their frustration that government were adding to this pressure through major delays to claims.

We have asked for statistics on targets and actual performance.

6.6.3 Monitoring

All projects are required to be monitored over their lifetime to measure:

- Efficiency and effectiveness of BITP;
- Achievement of targets and outcomes associated with training and development activities; and
- Standards of customer care.

6.6.3.1 Informal Operational Monitoring – Quarterly

Project monitoring is undertaken on a quarterly basis and may or may not involve a company visit. It is the BA's responsibility to make contact with the company to assess the operational progress of the Project. The BA is asked to record all monitoring contact on CCMS by creating (meeting) or (Telecon) to briefly state that this has been done so that a record of all contact with the Company is available on the Company file.

We understand that CCMS only records if monitoring has taken place and there is no formal requirement to check progress.

6.6.3.2 Formal Review Monitoring – Annual

BAs must formally review the project's performance against targets on an annual basis to help ensure the project achieves what it set out to. The Annual Review Form requires the BA to record achievements against Year 1 targets and to include any revision, if necessary, required for Year 2 targets. BAs should complete annual monitoring, as follows:

- Several weeks prior to the annual monitoring being due the BA should send the client the Annual BITP project monitoring template with current 12 months targets pre-populated;
- Clients complete their section and return to BA or give during monitoring meeting;
- BA and Client meet and discuss progress and new targets; and
- BA should complete their section of monitoring document and submit for approval.

(Annual Review template – Appendix 6)

6.6.3.3 Post Project Evaluation

A Final Review which involves the completion of an expanded version of the Annual Review Form is required to be undertaken no later than six months after the project end-date. This final review requires the BA to address the achievement of Value for Money upon completion of the training programme.

(PPE template– Appendix 7)

In assessing value for money, Business Advisors can consider general economic benefits to Northern Ireland arising from the project.

Business Advisors are also asked to highlight the broader economic benefits associated with a project especially where they add to the knowledge base within the local economy or provide Clients a technical or commercial advantage over their competitors, such as:

- Higher management or staff skills;

- Increased Research and Development levels;
- New products or processes introduced to NI;
- Higher export levels;
- New or safeguarded jobs;
- Creation of indirect jobs;
- Location in a New TSN area;
- Promotion of clustering; and
- Supplier chain linkages.

6.6.3.4 Review of Monitoring and PPE Process

CCMS information on the number of Annual Reviews completed against target is as follows:

- 2008- 77% of Annual Reviews due to be completed were completed
- 2009- 95% of Annual Reviews due to be completed were completed.

CCMS information on the number of Post Project Evaluations completed against target were as follows:

Table 6.3

Post Project Evaluation Statistics

Annual Review Year	Due	Done	Outstanding	%
year 05 - 06	112	58	54	52
year 06 - 07	93	31	62	33
year 07 - 08	86	33	53	38
year 08 - 09	* 62 (68)	53	9	85
year 09 - 10**	* 39 (40)	29	10	74
Notes: <i>* 6 of the companies did not draw down their LoO so no PPE was required</i> <i>** 1 company went out of business</i> Source: Invest NI, August 2010				

The table demonstrates the increased focus on completing PPEs since the new Director was appointed in 2008.

In section 7 we review the information collected through the Annual Reviews and the Post Project Evaluation reports and attempt to assess the impacts generated through BITP.

6.7 Summary

The review of BITP processes has demonstrated that whilst they are comprehensive, however there is a need for improvement on a number of levels.

In particular, we are unable to use CCMS information to assess the actual time taken by BAs to process applications as we understand the information has not been updated correctly. There is a need for the Business Advisors to review how they complete the information on the CCMS reference the time taken to complete projects and to ensure that these are regularly updated accurately so that progress against targets can be accurately monitored.

The time being taken to process Applications and Claims is well outside of the targets set by Invest NI. The survey results demonstrate the significant frustration the delays in the claims process in particular has caused clients. Given the pressure already on companies' cash flow positions, with the present economic downturn it is important that Invest NI should be ensuring that it does not create increased pressure on client companies cash flow by not processing claims on or ahead of targets. Invest NI needs to deliver its processing functions in line with their own targets.

7 ASSESSMENT OF IMPACTS

7.1 Introduction

In this section we review the evidence from the Invest NI monitoring and evaluation systems and the survey in order to arrive at an assessment of the impacts of BITP.

The Terms of Reference require us to assess the impacts of BITP and specifically ask us to:

- assess the impact of NITP in the area of wealth creation, company growth and survival;
- review the extent BITP has contributed (April 2008 to present) or has the potential to contribute to achieving the relevant targets in PfG and securing improvements in manufacturing and private services productivity (PSA1) and increasing employment (PSA3), particularly in the context of the economic recession.

In this section we review the information available to us to assess the impacts and draw conclusions on the impact of BITP. We also highlight opportunities for development of this information so that further information can be obtained in the future regarding the impacts of BITP

7.2 Impacts Generated

There are two main sources of information we can use to assess the impacts from BITP. The first is the post project evaluation report which provides the main mechanism that can be used to understand the impact on business performance from the investment in training and development supported under BITP. The secondary source is the feedback from respondents in the survey.

7.2.1 Outline of Post Project Evaluation Reports (PPEs)

The main source of information on impacts should be the post project evaluation reports. With approximately 50/60+ BITP approvals going through per year, it would have been thought possible to have approximately the same number of PPEs being completed annually.

The Annual report has been designed by Invest NI to collect the following information:

- Summary Page: Company Name; Project name; Date Review Due; Date Review Completed and Summary of Performance against target with regard to Increased Skills and Competence; Operational Performance and Business Results. It also includes detail of when the letter of offer was agreed, the max support available and the amount drawn down.
- The main report then includes the detail on the actual results against target for each of the objectives set for the client company.

The Post Project Evaluation Report template has been designed by Invest NI to collect the following information:

- Company Details: Company Name, Contact, Business Advisor; Date PPE due and Date PPE completed

- Agreement Details: Date commenced; Date Agreement completed: Investment support Offered: Investment Support Claimed.
- Assessment on Impact of BITP intervention (Qualitative Measures). In addition information on the progress made against quantitative targets set in the letter for: Competencies and Skills; Performance Improvement and Business Targets are included as an attachment to the report.
 - *Value for Money*
 - *Update to Client Executive*
 - *Further Action*
 - *Potential for PR*

7.2.2 Impact Information in PPEs

We were provided with 10 PPE reports for 2008 and 2009¹⁵. Invest NI are currently reviewing why this total is not greater at the time this report has gone to print. We have been unable to present impact information for BITP 2008 and 2009 based on the PPEs for the following reasons:

- The numbers of PPEs are a low in comparison to the number of approvals going through the BITP on annual basis
- In 9 out of the 10 PPE reports presented to us information was included on sales and the increase in sales over the BITP period. However there was little or no information on the extent to which the company had increased exports; increased their investment in R+D all of which are key measures in relation to how BITP can contribute to PSA 1 and PSA 3 targets (reference section 6 of this report)
- None of the reports had information on the median salary levels of the company supported- which links to PSA1 Objective 2 (see section 2)
- Importantly, the information contained in the reports does not identify what proportion of any business impacts achieved can be related back to the training and development provided.
- None of the reports supplied had information on the wider benefits of BITP.

Table 7.1:

Impact Information Collated from 10 PPE reports for BITP August 2010.

Company	Increase in Sales	Increase in Employment	Other
Langford Lodge Engineering Ltd	Noted as NA	Noted as NA	
BMC Engineering	Company Closed- but sales targets had been set in letter of offer		
Straandlooper Animation Ltd	Sales target set of £250k- but not met	No employment targets set	Focus on training targets and development of products.

¹⁵Note: a further 8 reports were made available after this analysis had been completed.

Liberty-IT	Turnover increased by £2.96m from 2005 to 2007	Employment increased by 40 people in 2006 and 2007.	Detailed account of training targets and achievement against these
Ashdale Engineering	Turnover target set but not achieved	No target set	3 Training targets set and 2 achieved 4 PI targets set and 3 not achieved
Chieftain Trailers	Sales Target set but not achieved due to economic conditions (Operating profit increased and employment decreased)	Employment decreased	All Training targets set re completion of programmes completed
James Harkness T/A Norbec	Target achieved: Sales increased by 1.8m in 2006/7 Target for reduced turnover (decrease of 1.8m) was met by March 2009 – due to economic conditions	No targets set	8 PI targets set and 8 achieved. 11 Targets set for training and all delivered
Nuprint Technologies Ltd	Sales target set for 2007 but not achieved. Although note for 2009 suggests sales have increased by 36% although period details not provided	No targets set	5 PI targets set and achieved 3 Training Targets set and 2 achieved.
Post Project Marine Ltd	Sales Target set and overachieved: 2.7M of sales to be generated in 2006 Gross Margin Targets Achieved PBIT target overachieved	None set	5 PI targets set and 4 achieved 6 Targets set for Training and all achieved
First Source Solutions	Target set : To achieve Budget Revenues- no detail included on these but note made they were achieved by June 2010	Target set: To create 577 jobs in Derry within time frame: Note made target achieved	5 PI targets set and 4 fully achieved and 1 partially achieved. 3 Training targets set and 2 noted as being achieved.
Source: Invest NI – BITP PPE Reports (August 2010).			

In section 3 we had noted that Government is focused on prioritising where they invest to ensure they can get the maximum returns for the economy. As a result DETI/ invest NI support will be prioritised on local growth companies who are exporting or planning to export and/ or investing in R+D. Also they will support inward investment projects that can deliver employment with salaries above the private sector median. We are required by the terms of reference to comment on the extent to which BITP contributes to the delivery of PSA 1 and 3 targets. Unfortunately the impact information held by Invest NI is insufficient to allow us to provide a meaningful account of this.

We are also required by the terms of reference to detail the potential that BITP has to contribute to PfG and government objectives. The survey findings in section 5 demonstrate the impacts achieved by BITP regarding improving management skills/confidence and workforce skills and motivation- all priority areas for this government (see section 2.12). Also Invest NI monitoring demonstrates that clients have invested £65M of their own monies in skills/ learning against a target of £12M, demonstrating a significant achievement above target.

It is therefore our assessment that BITP has much to offer and if appropriate impact information is collected fully for all completions we will get results which demonstrate exactly how BITP is supporting delivery of these objectives.

In table 7.2 below we present 5 case studies, detailing the e impacts recorded in the PPEs as a result of the BITP support, and indicating the further information that needs to be collected to demonstrate the contributions being made:

Table 7.2

BITP – Assessment of Impacts recorded in PPEs – Case Studies

Indicator	Assessment of Impacts
BITP Grant 1	£9,469
£ spent	£1,463
Qualitative	No qualitative impacts given- instead there was an explanation of why the project did not proceed as planned. Qualitative Measures could have included Increased Confidence in selling, change in culture to one more focused on cost reduction etc.
Quantitative	Performance Improvement Indicators set focused on: Increasing Staff Numbers, Winning Contracts, and Delivering Training. Competencies and Skills Indicators- included details on graduate training in Technical Skill areas and Management Development. Details on Impacts; <ul style="list-style-type: none"> - Included details on employment increases - Completion of certain elements of the Training Details on Increases in Turnover and Gross Profit provided. No mention is made of whether the company is exporting or not. We also have no information on R+D or company salary levels.
Wider Economic Benefits	No wider economic benefits given
Our Assessment	This was a small BITP case but the PPE- did not provide the detail we would have expected to see- reference the evaluation of how the BITP support had impacted on the company qualitatively or quantitatively. There was no explanation as to how the training which was completed helped achieved the increases in sales and profits experienced- despite the downturn. There was also no detail on wider economic benefits.
BITP Grant to MJM Marine Ltd	£137,391
£ spent	£21,625 (Note – the company submitted a second application for BITP in 2009 where they received £106k towards similar business objectives)
Qualitative	There was no indication in the PPE that qualitative measures had been set for this offer. There was also no assessment of these- it highlighted only that the training had taken place.
Quantitative	A statement was made that the training provided was VFM – but there was no explanation as to why this was felt to be the case. In particular we have no sense from the PPE as to why or how the training provided helped achieve the business results The KPIs set were SMART and focused on business impacts: i.e. Increasing the win rate on jobs; increasing labour utilisation; reducing costs etc. The progress against these was also well recorded. However, no targets were set for employment levels. We also do not have any info on salary levels and how they relate to the median salary levels for the private sector.
Wider Economic Benefits	No information was included which detailed wider economic benefits.
Our Assessment	The amount drawn down on this LOO was significantly less than the offer made and there is no detailed explanation given for this in this PPE. A lessons Learned analysis would have been useful especially since the client was awarded the £106k in 2009. The PPE details quantitative targets and results- but it does not explain what training took place and how these connect to the business results achieved.
BITP – First Source Solutions	£1,007,000
£ spent	100%- £1M
Qualitative	Excellent example of detailed Qualitative Measures and Progress: e.g. Expedited the time taken to get staff to experienced worker standards; Helped change culture- through encouraging staff to present ideas for improvement; E.g. of Innovation Spirit provided – ran a Dragon's Den event in house and wards given for best ideas; helped set up a Training Infrastructure and an effective training planning system.
Quantitative	Performance Targets set were SMART and focused on : Increasing skills and knowledge; Attaining Accreditation at different levels; Reducing Complaints; Delivery of Training; Reduced Stock Levels;

Table 7.2**BITP – Assessment of Impacts recorded in PPEs – Case Studies**

Indicator	Assessment of Impacts
	Reduced Credit Notes; Reduced Costs; Improved Deliveries; Reduced Rework; Increased Gross Margin
Wider Economic Benefits	No information was included which detailed wider economic benefits. The VFM statement was not supported with evidence- i.e. a ROI calculation here would have made this a first class example of a PPE.
Our Assessment	<p>This PPE is strong with regard to the quantitative and qualitative targets set and as outlined in the summary page at the start of this report. There are insufficient links made between the results and the actual training delivered (i.e., number of people trained and on what areas). The detail on achievements is poor. Given that the company received £1m over 3 years; further information should have been expected and received.</p> <p>We do not have information on the salary levels of staff and how these sit against private sector median targets.</p> <p>VFM assessment- lack any supporting evidence</p> <p>Wider Economic Benefits: No evidence supplied- despite the project being in Derry.</p>
BITP Grant 4	£151,742
£ spent	£125,636 with final claim pending
Qualitative	There was no indication in the PPE that qualitative measures had been set for this offer. There was also no assessment of these- it highlighted only that the training had taken place.
Quantitative	<p>Objectives set relating:</p> <ul style="list-style-type: none"> - Introduction of new ERP system - New Blister Line - New CRM SYSTEM - Increase Customer Base - Attendance at Training programmes. <p>The PPE did not specifically include the deadlines or quantitative against each- although it noted that all targets had been achieved.</p>
Wider Economic Benefits	No information was included which detailed wider economic benefits.
Overall Assessment	This offer was for £150k approx, however the PPE lacks the detail we would have wished to see reference how the training helped the company achieve the business impacts. Detail was included on how the company had progressed against the business targets- but it lacks the compelling evidence needed to demonstrate the Value of the specific BITP support. There was also no assessment of wider economic benefits or a VFM calculation.
BITP Grant 5	£13,758
£ spent	£10,600
Qualitative	<p>The description against qualitative impacts has focused on describing many of the quantitative impacts- although it is recognised that it is difficult to separate the 2 elements. What could have been explored here are issues such as:</p> <ul style="list-style-type: none"> - Extent to which the company was now convinced on the benefits of T+D - Extent to which they have or are going ahead and investing in this area without Invest NI support - The extent to which a T+D infrastructure has been developed - Examples of how the Culture has been developed to demonstrate the importance attached to training etc.
Quantitative	Client produced a report on achievement against KPIs – stating all KPIs were achieved. We do not have this report with the PPE to review.
Wider Economic Benefits	No information was included which detailed wider economic benefits. No specifics on VFM.

Table 7.2

BITP – Assessment of Impacts recorded in PPEs – Case Studies

Indicator	Assessment of Impacts
Source: FGS McClure Watters (2010) from PPEs supplied to FGS by Invest NI	

Overall Assessment:

The quality of PPEs is variable and this can be due to the date they were completed (with earlier PPEs less likely to include the detail contained in the later PPEs) and the level of award. It is entirely appropriate that smaller cases should not be expected or required to have the same level of detail as the larger cases.

However, there are areas for improvement.

We would wish to see a consistent approach being taken to the format of PPEs. All PPEs should include:

- Actual against Targets for increasing skills and knowledge
- Actual against Targets for Operational Performance and
- Actual against Targets for Business Results.

We would also have wished to see the Advisors explain how the investment in skills had actually contributed to the performance or business improvement detailed in the report. In addition, a number of companies have experienced a reduction in sales and employment due to the economic downturn, but the PPE will have said that the training and development was worthwhile or VFM- however evidence has not been provided in any of the reports to support this.

We would also have wished to see greater awareness of what successful qualitative indicators look like and how to evaluate the wider economic benefits generated from the Training and Development intervention. None of the PPEs included evidence to support wider economic benefits, and the performance of reporting qualitative benefits was variable from good to poor.

Finally a Return on Investment calculation could have been completed particularly on the larger cases by comparing the Business Results achieved due to the Training and Development divided by the costs of the training and development. Note there will be cases where this is difficult to do and reference could have been made in the report as to why this is the case.

7.3 Survey Results on Impacts

In section 5 we have detailed the survey findings. The survey of BITP respondents highlighted that companies felt that BITP had helped them by:

- Helping to improve the motivation of staff;
- Develop more competent staff (Management Skills; Technical Skills or Quality);
- Improve processes within the companies;
- Improve Customer Service;
- Develop more Flexible Workforces;

- Reduce Costs; and
- Increase Profit Margins.

Even though the majority of respondents noted that it was difficult to measure/estimate the specific impact of BITP on their business as there were other factors that affected on their performance, such as the global economic downturn; they indicated that they felt BITP had had a positive impact on their productivity/profitability/competitiveness of their business and skills/capabilities/confidence of their workforce.

The additionality results demonstrate that over a fifth of the companies would not have gone ahead with the training and development without government support and the further 73% would have gone ahead later or with only part of the training and development. The remaining 5% would have gone ahead exactly the same. The impacts above have been assessed by the companies as being directly related to the training and development support under BITP indicating that the support has been key in terms of improving company productivity and competitiveness.

There is room for improvement, the partial additionality results show that approximately 1/3 of companies are getting some of their training and development costs supported that they would have gone ahead with anyway without government support.

The VFM for the programme can be further improved by identifying what these areas are and for which clients and reducing the support accordingly. These results demonstrate a significant improvement in additionality in comparison to the evaluation results in 2005, when 63% of companies said that if the CDP had not existed, the training would have covered the same content as for their CDP project.

7.4 Summary

The review of BITP monitoring and evaluation processes has highlighted that there is a need to improve the quality of the information being collected in order to allow the effective assessment of the impacts being generated from BITP.

The PPE reports are set up to record information on skills/ competencies, operational improvements and business impacts. However insufficient numbers of evaluations have been completion and those that are completed, do not always have the information needed. The PPE reports in particular need to record all relevant information regarding how the BITP support will help the company contribute to PSA 1 and 3 targets. Further work is required with the Business Advisors in developing their skills and abilities to complete the annual monitoring and PPE processes fully. INI Business Advisors should be monitored on their performance in this regard, through Invest NI performance management processes.

The survey information which is detailed in section 5 provides evidence from respondents of the extent to which BITP is helping to improve management/ technical and quality competences within their companies. They have also highlighted that this increased competence has helped them motivate their staff better, improve their processes; helped increase the flexibility of staff, reduce costs and increase profits.

At present all companies regardless of size go through similar assessment¹⁶, monitoring, evaluation and claim processes. These however are not conducive to encouraging micro or small firms avail of BITP as they will often not have either, the resource or the knowledge/ experience of writing training plans to submit the necessary information.

¹⁶ Note- the exception is that assignments under £250k do not need a commercial appraisal completed, whereas assignments over £250 do, except for those that have had a commercial appraisal completed within the last 2 years or are going through a commercial appraisal for SFA. .

8 REVIEW OF EQUALITY ISSUES

8.1 Introduction

Invest NI is committed to promoting a successful economy in Northern Ireland which will provide equality of opportunity for all. Invest NI as a recognised public authority has an obligation under Section 75 of the Northern Ireland Act (1998) as detailed in its Equality Scheme.

The evaluation must therefore consider relevant equality aspects by considering available data, identifying any adverse impacts that may be present and proposing alternative measures/ policies which might better achieve the promotion of equality of opportunity.

The evaluation must also consider the accessibility of the programmes for all, in line with the Disability Discrimination Act 1995.

8.2 Section 75 of the Northern Ireland Act (1998)

Section 75 of the Northern Ireland Act 1998 sets out a number of obligations relating to nine categories as follows: community background; political opinion; age; gender; disability; sexual orientation; dependents; marital status; ethnic origin. Invest NI, as a recognised public authority, has an obligation under Section 75 as detailed in its Equality Scheme which can be accessed on its website.

Section 75 of the Northern Ireland Act (1998) requires public authorities, in carrying out their functions, powers and duties, to promote equality of opportunity and good relations among a range of groups. Invest NI, in carrying out all of its functions, powers and duties relating to Northern Ireland, is committed to the fulfilment of its obligation to have due regard to the need to promote equality of opportunity, as required under Section 75 and Schedule 9 of the Northern Ireland Act.

8.3 Disability Discrimination Act (1995)

Part III of the Disability Discrimination Act (1995) relates to Discrimination in Other Areas and in particular considering goods, facilities and services, Section 19 states that it is unlawful for a provider of services to discriminate against a disabled person. In the context of the DDA (1995), it is irrelevant whether a service is provided on payment or without payment. Examples of services are wide-ranging and include:

- access to and use of any place which members of the public are permitted to enter;
- access to and use of means of communication;
- access to and use of information services;
- accommodation in a hotel, boarding house or other similar establishment;
- facilities by way of banking or insurance or for grants, loans, credit or finance;
- facilities for entertainment, recreation or refreshment;
- facilities provided by employment agencies or under section 2 of the [1973 c. 50.] Employment and Training Act 1973; and
- the services of any profession or trade, or any local or other public authority'.

Under DDA, providers of services have a duty to make reasonable adjustments as noted in Section 21.

8.4 Ensuring Equality of Opportunity

Equality screening seeks to identify those policies that are likely to have a significant impact on equality of opportunity so that greatest resources can be devoted to these. It involves consideration of the following:

- is there any evidence of higher or lower participation or uptake by different groups?
- is there any evidence that different groups have different needs, experiences, issues and priorities in relation to the strategy?
- is there an opportunity to better promote equality of opportunity or better community relations by altering the strategy (i.e. the 'policy/programme'), or working with others in Government or in the larger community?
- have consultations with relevant groups, organisations or individuals indicated that particular policies (or elements of the strategy) create problems that are specific to them?

If the answer to any of these considerations is positive, then further consideration must be given as to whether to subject the policy to the full equality impact assessment procedure.

8.5 Section 75: Screening

Table 8.1 presents the key questions and summarises the findings drawn from the initial screening exercise.

Table 8.1

Key Questions and Initial Equality Screening of BITP

KEY QUESTION	RESPONSE
What does the programme aim to deliver for Invest NI?	The Programmes exist to make a contribution to increasing the skills base within Client Companies and to improve their productivity and competitiveness
What does the programme aim to achieve for client companies?	Increased investment in skills which will increase the client companies' performance. .
How will the Programme be delivered or implemented?	BITP is delivered through Business Advisors
What are the constraints on the programme (e.g. budgetary, legislative, EU directives, etc)?	The main constraint is budgetary, but other constraints include EU state aid rules.
How will Invest NI monitor the delivery of the programme	Invest NI monitors the programmes through regular monitoring reports and annual reviews.
What other feedback, research, consultation or additional information is available to assess the Programme?	BITP was formally evaluated in 2005 and now again in 2010. The BIS team have on-going internal reviews of the processes and procedures
Are any groups specifically targeted through this Programme?	BITP is available to all those companies where the Client Executive feels that it would assist the company in growing successfully and its project meets the set eligibility requirements

Source: FGS McClure Watters, August 2010

8.6 Summary Equality Screening Assessment and Review of Equality of Opportunity and DDA Compliance

8.6.1 *Equality Screening of BITP*

The equality screening process is a mechanism for screening and a format for presenting the results of the assessment of impacts of a policy or programme of activity, if through this screening process it is believed there may be an opportunity for a programme to create adverse impact then an Equality Impact Assessment will be carried out. These assessments are an essential component of good policy making and provide the evidence that a robust process of policy or proposal development has been undertaken, taking the widest possible range of impacts relating to equality and equality of opportunity into account.

Equality screening of the BITP in relation to Section 75 and equality of opportunity indicates that currently there is no equality monitoring information on this programme for any of the nine Section 75 categories (Community Background, Political Opinion, Age, Gender, Disability, Sexual Orientation, Dependents, Marital Status and Ethnic Origin).

8.6.2 *Invest NI Equality Impact Assessment*

According to the Invest NI Equality Impact Assessment (EQIA) on its Business Development Solutions (BDS) Programmes, each of the elements making up the BDS was examined in light of available information - to assess whether or not there was an adverse impact on any of the nine equality categories, and to ascertain if action could be taken to promote good relations.

8.6.3 *Equality Monitoring*

In previous years, Invest NI has worked with the Equality Commission for Northern Ireland (ECNI) in order to compare Invest NI client company religious monitoring with that of the wider business base from the ECNI monitoring returns. This statistical information has been used in Equality Impact Assessments for both Business Development Solutions and the Invest NI Corporate Plan 2008 to 2011.

Invest NI's proposed equality monitoring strategy will focus on five of the Section 75 categories when monitoring individuals (Age, Gender, Disability, Ethnicity, and Community Background) and four of the Section 75 categories when monitoring companies.

Screening forms and Equality Impact Assessments are currently in place to input during the planning phases, and an equality monitoring strategy has been developed and equality monitoring reports will be run from this in future.

Invest NI has just begun the implementation of its Equality Monitoring process for all its programmes (collating equality monitoring statistics detailing the Section 75 breakdown of those receiving interventions). Invest NI have collated equality monitoring statistics in 2008/09 and 2009/10 to enable reports to be run detailing the Section 75 breakdown of those receiving interventions; this applies to companies in receipt of direct interventions from Invest NI. However at the time of writing this report, reports are not available.

8.6.4 *Equality Training and Support*

All Invest NI staff have been trained in equality and diversity issues, extending to Section 75 duties and responsibilities.

8.6.5 *Conclusion*

Based on this information, at present there is insufficient evidence gathered from equality monitoring of programmes to say that there are no adverse impacts on persons in Section 75 categories or upon equality of opportunity or DDA.

However, the Invest NI Programmes and Services which are provided directly by Invest NI are available to all businesses in Northern Ireland and there is no evidence gained from programme screening or consultation through EQIA (which sought the views of over three hundred Section 75 umbrella groups) to suggest that potential participants / applications have been rejected on the basis of anything other than programme specific criteria.

However, the lack of information available on the beneficiaries of the BITP support highlights that there is a need for this information to be collected, and further work to be completed, in this regard. This is work which is underway between the Invest NI Equality Manager (EQM).

9 BENCHMARKING

9.1 Introduction

In this section we consider what other similar types schemes are in operation and we have sought to find information which would help consider how the success of BITP might be reviewed against other interventions.

9.2 Wales

In Wales they have recently launched their Skills Growth Wales Programme. It is a £15m business support package announced in February 2010. The new skills growth programme is expected to support and prepare businesses in Wales for the economic upturn and ensure they are in a position to maximise opportunities and compete in the global economy. It builds on the ProAct programme, which with support from the European Social Fund, helped more than 8,300 people remain in work, equip them with the skills training to become more productive and enabled businesses to survive the recession.

Funding is available to private or third sector businesses that are growing or have identified a clear growth opportunity and have the ability to take advantage of it. It provides an average of £3,000 per person to pay for high level and new technology training that will directly help to bring about growth – in turnover, profit and/or employment. It is designed to build on the success of ProAct and help reinvigorate the economy. The company applies to confirm eligibility and then submits a training plan which identifies which staff need specific training, and how it will impact on the business. Once the plan is approved, the firm undertakes the training and the Council pays the training provider direct, in arrears.

9.3 Scotland

Scottish Enterprise (SE) providing support to businesses to increase their productivity and competitiveness and Skills Development Scotland provide people, employability and national training programmes. The SE support involves Leadership Programmes, Mentoring Support, Organisation Review Support (support with structures and training needs assessment, combined with a number of on line tools and supports to help companies complete their own assessments) and Talent Search (finding the right resources and skills for companies).

The SE Training Scheme provides financial support as follows:

Table 9.2

SE Training Scheme Financial Support

Size	General Training	Specific Training
Small Enterprises	80%	45%
Medium	70%	35%
Large	60%	25%
Source: Scottish Enterprise		

As shown, the maximum aid intensity allowed is based on a percentage of eligible costs, and depends on the type of training and the size of the company. There is a supplement for disabled or 'disadvantaged' workers +10%* +10% (up to a maximum of 80%).

There is a single project limit of €2million. Aid exceeding €2 million to any single project cannot be authorised under the Scottish Enterprise Training Aid Scheme, and must be notified to the Commission.

General Training provides qualifications that are largely transferable to other firms or fields of work, and thereby substantially improves the employability of the employee.

Specific Training is directly and principally applicable to the employees present or future position within the assisted firm and provides qualifications which are not (or only to a limited extent) transferable to other firms.

Where the project involves both general and specific training components which cannot be separated for the calculation of the aid intensity, and in cases where the general or specific character of the training cannot be established, the aid intensities applicable to specific training shall apply.

Eligible Costs are as follows:

- Trainers' personnel costs;
- Trainers' and trainees' travel expenses, including accommodation;
- Other current expenses such as materials and supplies directly related to the project;
- Depreciation of tools and equipment, to the extent that they are used exclusively for the training project;
- Cost of guidance and counselling services with regard to the training project;
- Trainees' personnel costs and general indirect costs (administrative costs, rent, overheads) up to the amount of the total of the other eligible costs above, only for the hours during which the trainees actually participate in the training, after deduction of any productive hours.

SE have also been investing in research into how Scottish Companies work to make best use of the skills and resources they have and have developed case studies on the approaches being taken by companies.

9.3.1 *Republic of Ireland*

Enterprise Ireland (EI) is the government agency responsible for the development and promotion of the indigenous business sector. Its mission is to accelerate the development of world-class Irish companies to achieve strong positions in global markets resulting in increased national and regional prosperity.

EI key focus, for Irish companies is covered under the following five areas of activity:

- Achieving export sales;
- Investing in research and innovation;
- Competing through productivity;
- Starting up & scaling up; and

- Driving regional enterprise.

EI offers financial support for '**Leadership and People Development**' to businesses with differing rates of support depending on location and size. The goal of the training grants is to support in the development of innovative and competitive staff that will lead Irish companies to international success.

This support is divided into 3 different types of funding:

- Funding New Appointments;
- Management Development; and
- Strategic Consulting.

On reviewing the 3 supports, it is clear that the Management Development support whilst having some similarities is not the same as BITP. It is included here only to give an understanding of the support in the South of Ireland

9.3.2 *Management Development*

Aims and Objectives

This scheme offers funding up to 70% for all companies, irrespective of size or location. This will impact on training, funded under two other schemes (Exploring New Opportunities, IC training proposals and Productivity Improvement Fund training proposals).

Funding

Table 9.3
Enterprise Ireland – Maximum Funding by Location

	<u>2007 Rates</u>			<u>Existing Rates</u>	
Training	Small	Medium	Large	SME	Large
BMW	40%	40%	30%	45%	35%
Cork, Mid West, South East	40%	40%	30%	40%	30%
Dublin / Mid East	35%	35%	25%	40%	30%
Management Development	Small	Medium	Large	SME	Large
BMW	70%	70%	50%	70%	50%
Cork, Mid West, South East	70%	70%	50%	70%	50%
Dublin / Mid East	70%	70%	50%	70%	50%

Source: Enterprise Ireland website

Expenditure incurred prior to the approval of the project is generally considered ineligible.

Under the Industrial Development (EI) Act 1998: Section 7 (1)(i), Enterprise Ireland may offer funding of up to €65,000 or 50% of eligible expenditure subject to a maximum of €130,000 over a two-year rolling period.

The support under this initiative can form part of the €65,000 combined maximum level of support available for all funding awarded under Category 1 (Exploring New Opportunities) over a two-year period.

Category 1 funding includes grant support for various types of consultancy and feasibility studies, market research, anticipation at trade fairs, mentors, training and recruitment of a key manager for one year.

Target Group

- manufacturing or internationally traded services SME companies employing 10-249 people;
- new High Potential Start Up companies;

9.3.3 Summary

The Review of other supports across the UK and Ireland tells us, that:

- Other devolved Administrations are providing support to companies to encourage them to invest in skills development
- They provide advisory help to support the development of training plans to those who need it.
- Rates of support vary by size of company in Scotland and by type of training (i.e. transferable skills training receives a higher level of support).

Table 9.2

BITP Benchmarks Summary

	Skills Growth Wales Programme	Skills Development Scotland – Training Scheme	Management Development Programme- ROI
Organisation	Led by Torfaen County Borough Council in collaboration with three other local authorities and three further education colleges	Scottish Enterprise	Enterprise Ireland
Target	Private or third sector businesses that are growing or have identified a clear growth opportunity and have the ability to take advantage of it	SME (up to 80% of costs), Medium (up to 70% of costs) and Large (up to 60% of costs) companies	Companies exporting, investing in R+D, increasing productivity, start-ups/ growing existing businesses.
Support provided	Average of £3,000 per person	Single project limit of €2million (up to 80% of general training costs and up to 45% of specific training costs)	Management Development/ Training- up to 70% up to 130k over a two year period.
Eligible Costs	High level and new technology training that will directly help to bring about growth	Trainers' personnel costs; Trainers' and trainees' travel expenses, including accommodation; Other current expenses; Depreciation of tools and equipment; Cost of guidance and counselling services with regard to the training project; Trainees' personnel costs and general indirect costs.	N/A
Source: FGS McClure Watters			

9.4 Review of RDA Interventions

In 2009, BERR produced a report detailing the impact of RDAs in England. This was the output from a year long project reviewing all the interventions from each of the RDA's, comparing them and arriving at conclusions to the extent to which the RDA's were delivering value to their local economies. As part of this overall evaluation, the People and Skills Interventions of the RDAs were covered. This therefore provides useful information to inform elements of our evaluation.

The RDA evaluation of People and Skills interventions has highlighted a number of issues:

1. The RDAs have in the past focused more on investing in the skills on individuals rather than supporting investment in skills through company programmes
2. They have however designed and delivered programmes geared to specific sectors or clusters which have included training and development support to companies as part of a range of interventions to the companies involved.

The People and Skill Interventions breakdown into:

1. Skills and Workforce Development;
2. Matching people to jobs;
3. Supporting the development of educational infrastructure; and
4. Hybrid People.

In the RDA impact evaluation it was found that People and Skills interventions achieved a 2.5:1 GVA: Cost ratio (Note the other interventions were higher. We do not have a specific intervention for BITP type supports- but they should be in the region).

In evaluating skills, a report published by BIS (after the RDA impact evaluation) titled RDA Evaluation- Practical Guidance on Implementing the Impact Evaluation Framework- December 2009 and it highlighted that RDA's should considering measuring the impact of People and Skills programmes through ' Skills Uplift, at an individual level. This it was recommended could be measured through gathering information on wages before and after the intervention. It would also be supported by a beneficiary survey: to assess – had they been trained through an RDA intervention; did this lead to a qualification and did this lead to a wage increase? The Centre of Economics and Education has researched this area and assumed that an NVQ level qualification will lead to a 15% wage return, whereas a NVQ level 3 is associated with a 5% wage return.

To establish the gross impact in GVA, it then highlighted the need to ascertain what the region and industry split is between wage and non-wage GVA. In order to establish gross GVA impact, the total increase in annual wages (the difference between starting salary and estimated salary after a qualification) is multiplied by the appropriate GVA: Wage Ratio.

9.4.1 Summary

The review of RDA impact information does not provide any exact comparisons for BITP except to note that they have invested in measuring return on investment from T+D supports alongside other people supports. In the RDA impact evaluation it was found that People and Skills interventions achieved a 2.5:1 GVA: Cost ratio (Note the other interventions were higher. We do not have a specific intervention for BITP type supports- but they should be in the same level of return). The Guidance on RDA evaluation approaches provides a useful insight into the increased focus on evaluation and evaluation tools. The emphasis for people type supports is a focus on measuring the GVA' Cost ratio and also reviewing the impact at a beneficiary level.

In reviewing the supports available from Scotland and Wales, it is evident that they provide government support to companies involved in training and development, alongside other people supports. The Scottish programme provides increased grant assistance for those projects with transferable skills. They also provide additional support for training to disabled or disadvantaged employees being trained. Training % are up to 70% of eligible costs (the higher % is considered if the projects will deliver transferable skills. The % funding decreases to 25% or 35% the more the specific the training is jobs within one firm. Small enterprises receive higher rates of support compared to large firms.

10 CONCLUSIONS AND RECOMMENDATIONS

10.1 Introduction

In this section we set out the conclusions and recommendations based on our findings in the previous sections.

10.2 Conclusions

10.2.1 *Strategic Context*

The Programme for Government sets out the Executive's priorities for the period 2008/11. It sets out that *'a successful economy is characterised by high productivity, a highly skilled and flexible workforce and employment growth. We have much to do in terms of building our skills base, increasing prosperity and improving our productivity'*.

BITP contributes specially to three Public Service Agreements (PSAs) under Priority 1: **'Growing a dynamic, innovative economy'**, as follows:

PSA1: Productivity Growth – Improve Northern Ireland's manufacturing and private services productivity

PSA2: Skills for Prosperity – Ensure our people have the right skills to deliver economic prosperity now and in the future and increase skills and career choices in STEM subjects

PSA3: Increasing Employment – Subject to economic conditions, increase employment levels and reduce economic inactivity by addressing the barriers to employment and providing effective careers advice at all levels

BITP contributes to PSA1 and PSA3 by offering assistance to businesses to assist them become more competitive by developing the skills of their staff to create a skilled, trained and adaptable workforce. BITP contributes to PSA 2 through supporting companies on cross-skilling and up-skilling retained workforces to help the companies compete, ready for the upturn. .

It is clear from the review of research completed on the skills levels within Northern Ireland that there is a significant gap in productivity and performance for Northern Ireland compared to the rest of the UK. It is also clear that there are a number of components to developing high performance workforces, and having a high level of skills is only one of these components. Invest NI therefore need to consider the full range of components to ensure that all elements exist to deliver on this. To do this, Invest NI need to ensure that companies are ambitious and have the necessary leadership and management capabilities to make sure that they make best use of their workforce's skills and expertise and that they continue to develop these.

To conclude, the skills agenda is a significant element of delivering on the objective of building a competitive economy and therefore it is a priority for government, businesses and Invest NI.

10.2.2 *Rationale for Future BITP Support*

There is overwhelming evidence that the Northern Ireland skills base is well below the UK average and also that skills and education levels for a region significantly impact on the its ability to be productive and competitive. ONS figures for Northern Ireland show that Northern Ireland's productivity has fallen by approximately 3% from 2001 to 2007 (although the NE, Yorkshire and Humberside have fallen further by approximately 5% and Wales by 6% in the same period).

Leitch Review highlights that the UK is performing poorly in the attainment of low and intermediate skills. Northern Ireland is performing worse than the UK average in relation to low, medium and high skills. Also compared with the UK average, Northern Ireland has significantly more working age people with no qualifications and fewer people with higher qualifications.

Towards Ambition 2020 report produced by the Education Skills Advisor highlights the issues as being wider than providing financial support for training and development (although this is important), but also to:

- Needing to improve management and leadership skills in Northern Ireland businesses;
- Greater promotion of high performance working practices to employers, and greater support for more employee engagement in skill training;
- Stronger emphasis on identifying and disseminating the economic and competitive benefits to employers of investing in skills;
- Government should streamline and develop an integrated framework for leadership and management support. Government should reduce the confusion around training provision by establishing one single coherent and simplified offer to businesses;
- Enhanced support for the development of leadership and management skills in SMEs should be a priority for Government;
- The experience of businesses that have seen value in investing in skills training should be used to encourage others to up skill their employees.

Specifically, there is a clear rationale first and foremost for government support into SMEs in particular as they are experiencing the most difficulty in funding and sourcing the training and development they need to improve their workforce skills. Research also shows however that companies operating in low margin sectors, are owner managed or family owned may also need support. Finally, management ability in Northern Ireland is below best practice levels and investment is required to develop this area.

Less likely to need government support are foreign owned companies and/ or larger companies involved in markets where there are significant pressures to be competitive and are high value add. Research has shown that they will often have the necessary ambition, the resources and structures in place to develop High Performance Workforces (HPW). There is however a specific requirement to support FDI where new skills are being introduced to Northern Ireland and which will leave a legacy for the local economy. It is crucial that BIS is involved in the early stages of engagement with potential FDI projects, to effectively capture skills requirements of the client in a timely manner and identify suitable support.

There is also evidence to say that the government supports need to be streamlined and less bureaucratic in order to best support client companies in an efficient and effective manner.

However, research has also shown that there is a need for the training and development support to be part of an overall support plan which ensures that SMEs are practicing best practice HRM policies and procedures, in order to ensure that they are able to make best use of the skills in place or being developed.

To conclude, the evidence for market failure and hence government support is patchy, although there is agreement that SMEs have the greatest need for help. Other companies who could need support will be those in low value add sectors and/or who are owner managed/ family owned. Management/ Leadership development is also a priority area across NI.

10.2.3 *BITP's fit with other Invest NI and DEL Interventions*

In reviewing Invest NI supports, it is clear that there is no other programme providing funding to support the costs involved in developing the skills of employees within client companies in line with their business needs. The BITP support can be essential to the success of other supports within Invest NI, for example it is essential to have the appropriate skills to manage an R+D programme if investment is being made in this area; Leadership and the ability to think and act strategically is crucial to ensuring any company is heading in the right direction etc- as a result Skills Development can and is essential to ensuring that other investments are being made wisely. However not all companies have the necessary skills or resources to ensure that the appropriate training needs are identified and prioritised against business needs and whilst there is support from BIS mentors or the Invest NI HR Advisors, Invest NI should review that there is an appropriate application and balance of resources dependent upon company need.

Invest NI focuses on investing in skills to improve company performance and competitiveness.

DEL offers an advisory service to SMEs on training needs, planning and solutions to non Invest NI clients. They can support with training needs analysis and access to developed training programmes in a range of skill areas. Whilst they help with training costs they do not cover any proportion of salary costs of those being trained (unlike Invest NI). There is no overlap between DEL and Invest NI regarding client companies. DEL focuses on developing the skills of individuals regardless of where they work or in fact whether they are in work at all.

DEL and Invest NI are currently working on an exciting pilot along the lines of the successful North Carolina Model and this approach is focused on ensuring the province can provide FDI projects or local companies wishing to expand additional skilled resource they need to deliver on their business requirements. This will provide a useful test site for the organisations to combine their approaches, networks and resources to deliver an advantage to the province in the highly competitive world of FDI.

Invest NI and DEL offer different solutions to different client bases at present (with exception of the North Carolina Model); however the organisations have different strengths which could be blended to support other specific groups. For example Invest NI have a very business impact focused approach and one which develops companies to think in this way; DEL are focused on the individual and have a wealth of experience and contacts in training and development solutions and providers. Companies at different stages in their development have different needs and as the research shows with regard to High Performance Working

training and development needs to be supported by other best practice HRM supports if it is to be effective.

We therefore conclude that BITP fits with other Invest NI and DEL supports and we have no evidence of significant overlaps, although there are opportunities for how Invest NI and DEL could work together to provide a seamless service to clients.

10.3 Performance and Impact of BITP

In this section we review the progress made with BITP since the last evaluation, the performance against BITP targets and VFM

10.3.1 *Delivery against Performance Targets*

The performance targets set by Invest NI for BITP were on the number of cases to be approved each year, rather than the impacts to be achieved. Invest NI achieved or overachieved on their case targets each year except for 2005/6. The targets however need to be developed in line with the rationale for BITP support to NI companies and they should measure the extent to which BITP has helped companies increase their productivity through the investment in skills. Invest NI targets for BITP are set as part of their business planning process and relate to the number of cases to be approved per year and the level of monies to be spent. These targets have been met. However given the rationale for BITP, we do not feel that a KPI focused on measuring activity is meaningful and we would wish to see a suite of BITP KPIs developed which measure the projected impacts of the intervention. These indicators should be drawn from a number of areas, for example:

- **Qualitative:** Extent to which the Company have developed a more HR/ skills investment focus; extent to which the company has developed or enhanced their Training/ Development Management Skills and Systems; the extent to which the company has best proactive HRM systems in place; the extent to which the company has continued to fund other skills investment activities without government support etc.
- **Quantitative:** Extent to which companies have increased Sales, Profits, Exports; Investment in R+D; Decreased Costs and leveraged Investment.
- **Wider Economic Benefits:** Extent to which the company has benefited others in the local economy- e.g. Supply Chain Impacts- sharing experiences/ collaborative work; the extent to which they are leading the way on New Systems; Procedures; Technologies; the extent to which they are retaining highly skilled people in the country etc.
- **Return on Investment:** Calculation of the Costs of the Programme/ Benefits Gained. The Return on Investment figure is a particularly important one given the pressure on public funds. There is a need to set targets at the outset of each project so that the expected return on investment and ensure that project performance is monitored to assess its progress against target.

An evaluation of Regional Redevelopment Agencies (RDAs) completed for BERR in 2009¹⁷ highlighted that the Average Expected Return on People and Skills Programmes (including training, business development and unemployed people) is 2.5:1 (i.e. £2.5 for every £1 invested). This provides a very min level of target for the BITP supports, as the RDA supports

¹⁷ "Making Big Things Happen - The Economic Impact of the Northwest Regional Development Agency 1999/09". Independent evaluation by PricewaterhouseCoopers on behalf of BERR (2009).

include programmes for the unemployed and therefore if these were eliminated from the assessment, the ROI would be expected to be higher. These targets should be developed at an economic appraisal stage for any future funding. Research already undertaken by DEL and BIS, across an extensive range of Economic Development agencies has highlighted the difficulty in measuring RoI for skills initiatives. Invest NI, in conjunction with DEL, are working to develop more robust calculations to measure RoI on skills but it is appreciated that significant effort will be required to develop a robust set of RoI measures for skills.

10.3.2 SQW Evaluation

The predecessor to BITP was the CDP (Company Development Programme) and it was evaluated in 2005, with recommendations set out for 2006 and on. The table below presents these recommendations and provides evidence and progress to date: Performance of BITP

Table 10.1

Company Development Programme – Recommendations from Evaluation in 2005

Recommendation	Evidence
CDP's role as a business improvement programme should be explicitly stated in a new ROAME statement, appropriate to Invest NI's strategic purpose and objectives	<p><i>This recommendation has been partially actioned.</i></p> <p><i>A ROAME statement was produced in 2005.</i></p> <p><i>BITP Objective: the key objective was given as providing support to NI companies committed to increasing their competitiveness and export potential through investment in T+D linked to business improvement projects.</i></p> <p><i>SMART targets were not set- although INI's operating plan contains targets regarding the number of companies to be supported annually.</i></p>
Consideration should be given to how CDP's role as a business improvement programme could be better communicated to potential clients and the wider audience, through marketing or perhaps rebranding of the Programme	<p><i>This recommendation has been actioned. CDP was rebranded as BITP in 2006 and there was a change in emphasis to Business Improvement.</i></p> <p><i>The emphasis at first was to ensure that Client Executives were aware of the main change in the programme, namely the focus on performance improvement. This was in line with the CDP action plan developed in 2005 regarding the SQW recommendations.</i></p> <p><i>More recently in 2009, marketing materials were developed which could be used directly with clients. These are included on Invest NI's web site, for clients to access directly. The rebranding of the programme has been successful with existing clients and this is clear from the survey results as they have highlighted their awareness of the need to link Skills Development to Business Needs.</i></p> <p><i>It is not clear that Invest NI has been successful in marketing the new BITP programme to small companies- and this evidence has been highlighted in the focus group findings.</i></p>
CDP needs to be better integrated into Invest NI's portfolio of business improvement initiatives, especially the People Excellence Framework	<p><i>This recommendation has been partially implemented. The CDP action plan developed by Invest NI regarding the SQW recommendations- highlighted that CDP would be better integrated into BIS solutions and details would be included in the new ROAME statement.</i></p> <p><i>This information is not included in the ROAME paper, however all clients have a BHC completed on them and this review details the support required and demonstrates how the various BIS solutions could work together.</i></p> <p><i>It is however an area where further work is required. Note: People Excellence was replaced by People Solutions in 2007. Our research in section 2 highlights the importance of ensuring that companies have best practice HRM systems in place in order to ensure that the training and development monies invested are VFM. We therefore feel this is an area which requires further action.</i></p>
Invest NI should encourage Programme	<i>This recommendation has not been implemented. It was not covered in</i>

Table 10.1**Company Development Programme – Recommendations from Evaluation in 2005**

Recommendation	Evidence
<p>users to gauge the impact of a CDP project on the basis of a Return on Investment calculation, for example using an Internal Rate of Return methodology. This would usefully fit with existing pilot work being undertaken by Business Improvement Services.</p>	<p><i>the INI – CDP action plan 2005 based on SQW recommendations- so we do not have any information on the intentions at that time regarding implementation.</i></p> <p><i>Invest NI have been working with the Invest NI economist to develop an Impact Measurement Model which will detail not only the economic but the social impacts associated with Training and Development.</i></p> <p><i>However in the absence of a ROI model, BITP has focused the support on delivering operational improvements and these are set as specific indicators for clients based on their submissions to INI.</i></p>
<p>Where it is practical to do so, CDP should seek to align its activities to the wider skills needs of the economy in terms of increasing Northern Ireland business competitiveness (for example, a focus on NVQ levels 4 and 5, where Northern Ireland is underperforming)</p>	<p><i>This recommendation has been actioned where it is appropriate to do so. BITP letters of offer include the need for companies to focus on achieving qualifications, where these qualifications are relevant to the business need which has been identified. The work has not been focused on specific NVQs, but on the needs of the project at a company level. We have seen examples of the qualifications supported and these include: NVQs in Business Improvement, Learning and Development, Welding, Mechanical Manufacture, Engineering, Supply Chain Mgt, Plant Maintenance, Warehousing, Welding, Lift Installation. The levels of qualifications vary from Level 1 to level 6.</i></p>
<p>The rate of intervention for CDP should be decided on a project-by-project basis, but there needs to be a greater demonstration that project costs and rates are undergoing sufficient challenge during the approval process</p>	<p><i>This recommendation has been actioned. There is evidence from the survey responses that highlight the high degree of additionality demonstrating a stronger emphasis on supporting only those project that need govt support to move ahead.</i></p> <p><i>We have also reviewed a number of the Case Submissions and we see evidence of the INI Executives having recorded that they have challenged the client companies in their needs assessment.</i></p> <p><i>INI BIS executives have completed training on negotiation with clients in 2009; BIS executives completed the operational guidance training in June 2009.</i></p>
<p>Accessibility to a first CDP project should not be restricted beyond the existing eligibility rules.</p> <p>However, subsequent projects should be more discretionary and demonstrate a specific need for on-going support, reflecting the need to help move firms into the market</p>	<p><i>This area has been actioned. INI have sought to reduce levels of support to clients returning to BITP. The exception to this has been the economic downturn in 2008/9 which resulted in INI providing support to allow skills and resource retention within companies. Invest NI do not provide support for skills development projects previously supported with the same trainees.</i></p>
<p>CDP should be more effectively targeted at firms that can best be assisted by the Programme, irrespective of sector or size. In line with the wider aims of Invest NI, CDP should be targeting companies, or specific projects within companies, that demonstrate growth hunger and potential</p>	<p><i>This has been actioned; however the economic downturn has made this situation more difficult, as companies' battle with the economic downturn.</i></p> <p><i>Invest NI assessment processes (see section 6) require companies to demonstrate growth potential. More recently, BITP support is being focused on those companies seeking to export, invest in R+D and/ or increasing productivity.</i></p>
<p>CDP needs greater tailoring to the needs of smaller businesses, in particular its ability to respond quicker. Administrative processes need to be proportional to the scale of the client company and consideration should be given to providing greater assistance with the organisation of the training provision for small firms</p>	<p><i>This is an area has not been actioned. The CDP Action plan highlighted that it was an area that needed action and that it would be dealt with in the ROAME statement. The ROAME statement noted that there would be increased help from BIS advisers as noted above.</i></p> <p><i>Many of the processes within BITP are the same regardless of the size of the company. However, the key difference is that companies seeking small scale support do not need a full commercial appraisal.</i></p> <p><i>BIS does support mentoring of SMEs to produce their training plans. However, this is limited and it is an issue highlighted as needing action from the surveys.</i></p>

Table 10.1

Company Development Programme – Recommendations from Evaluation in 2005

Recommendation	Evidence
Business Improvement Advisors need to be better at assessing the case for support; as part of this, they should be helped to develop negotiation and assertion skills to enable a more rigorous approach to agreeing subsidy levels and project outputs; further training on additionality would also be beneficial	This area has been actioned. Business Advisors have been trained in BITP related training over the last few years since the SQW report, and the survey results demonstrate that they have improved their ability to negotiate packages.
CDP agreements should specify that client companies review their business performance in the light of CDP support one full year after a project has been completed, with a specific focus on return on investment	This area has been partially actioned. Annual Review reports are required and the number completed has increased significantly over the last 2 years. There is insufficient focus on ROI.
CDP should celebrate the successes of the Programme among its client group	This area has been actioned, but further work is required. Case Studies on successful BITP cases have been prepared and PR has been used to try and profile these, not with a great deal of success. Note: we feel that PPE reports could be better developed to support this.
Better internal monitoring and real time tracking is required to ensure that Invest NI understands what it is 'buying' in terms of the training and development projects it supports through CDP.	This area has been partially actioned. This area has been developed in that INI can check to see if monitoring reports are in, however it does not yet qualify as a real time monitoring given that there are only annual reports on the system. There is a need to have the costs and benefits- Actual and Projected- available to INI so that the impacts being achieved or not, can be more easily identified and tracked.
Source: SQW Evaluation of the Company Development Programme (CDP), January 2005 and analysis completed by FGS McClure Watters. .	

As shown above approximately one third of the recommendations set out in the 2005 report has not yet been implemented. The economic downturn can account for a change in emphasis for the BITP team over the last year, as they sought to provide support to companies experiencing trading difficulties.

To conclude, the areas not actioned still remain valid and need urgent action, namely:

- Development of a Return on Investment calculation
- CDP needs greater tailoring to the needs of small businesses
- Real Time tracking does not happen
- Post Project Evaluations are being completed on some but not all companies supported through BITP. Those that are being completed do not contain all the information needed to provide a detailed analysis of their impacts
- CDP/ BITP could still be better integrated into Invest NI's portfolio of People Excellence Supports.

10.3.3 IREP Report

IREP highlighted a number of areas for development in 2009, including the disproportionate amount of funding going to large companies and to manufacturing. It also questions how transferable the outputs of BITP are to the wider economy, questioning in particular the spill over impacts of technical skills. Finally, it referred to the SQW report which highlighted that CDP was a 'virtual employment subsidy'

We reviewed the distribution of funding under BITP and found that the majority of businesses supported had between 50 and 249 employees (35%), followed by those business under 10 to 49 employment band (33%). 21% of companies with more than 250 staff received financial support during the period and 11% with 10 or less. If we look at the value of the allocations, again companies with 50 to 249 accounting for the largest proportion of the total grant value (28%). However, this is followed by companies that had between 500 and 999 employees (21.5%) and more than 1,000 (19%).

In light of the above, BITP has not increased the proportion of support going to SMEs. At present BITP has 60% of its investments going into companies owned outside of NI. Not all of these will be multinational companies, however it is an indication that the programme has not moved away significantly from supporting the type of companies that were receiving support in the previous evaluation period. 60% of the companies supported are manufacturing companies, and as highlighted in the previous evaluation they make up a disproportionate section of the programme, given that manufacturing accounts for 20-35% of the local economy. An assessment of the extent to which BITP support has been deployed into the priority sectors for Northern Ireland, has shown that the ICT/ Financial Services sectors have received about 35% of the funding, which is significant. However MATRIX identifies a number of other areas as being economically important and whilst it is not easy to align BITP support against these; one of the sectors- Life Sciences has received less than 2% of funding. However caution is needed as this assessment is too simplistic and does not take account of the size of the sector or specific business needs.

We can therefore conclude that Invest NI has not refocused its BITAP support to SMEs as recommended to do so in the SQW report and the IREP report. It does have a significant proportion of its support going to ICT and FS, but there is less evidence of MATRIX priority sectors being focused on. BITP is not the only support available from BIS to develop skills in SMEs with schemes such as Interim Manager, Northstar Mentoring and Solutions all offering different types of skills enhancement in SMEs. Although BITP has been simplified through the introduction of a new application process, it still has to meet the minimum EC monitoring requirements. To ensure no compromise of EC requirements, the existing controls and processes applied to BITP should remain in place.

10.3.4 Employment Subsidy

Invest NI launched BITP in 2006 and since then there has been a significant change particularly over the last two years away from providing support based on pure training and development to providing training and development support only which will improve business competitiveness. This change in emphasis is evident through the culture which operates within the BIS team and survey feedback from clients.

We therefore see evidence of change within Invest NI to ensure that BITP support is not being used as an employment subsidy and only when it can deliver improvement in company's competitive position.

10.3.5 *Additionality, Deadweight and Displacement*

One of the key aims of the consultation was to measure the levels of additionality and deadweight to see if the low levels highlighted in the previous evaluation had been enhanced. The results for the period evaluated (2005/06 to 2009/10) demonstrate a significant improvement and benefits attributable to the existence of BITP, as follows, with

- 21.6% of respondents noting that they could not have gone ahead with any of the T+D without BITP support (i.e. Full Additionality) and 72.9% noting they could only have gone ahead at a later date or with part of the T+D if BITP did not exist
- However there is still some scope for further development. In particular 35% of respondents would have gone ahead with part of the training and development, even if the BITP support had not been available. Business Advisors need to work more closely with the clients to successfully identify those aspects of their training programmes to exclude them from support and focus in more on those areas where they would not go ahead¹⁸.

The survey highlighted that companies would have sought to pursue other funding supports that helped with part of their training and development needs, but that there is no other similar support available to them.

10.3.6 *Monitoring Systems*

Invest NI have monitoring systems in place, but they need to be strengthened. Specifically:

- The quality of reports completed as Annual Reports or PPEs needs to be improved.
- The existing information systems within Invest NI need to be integrated, namely CCMS and Cognos. At present there is a need to view two separate systems to access information on offers/ draw down of monies, monitoring information and therefore impacts. An information system needs to be set up in order to allow Invest NI to monitor all investments in to clients in comparison to impacts;
- Invest NI should devise an implement its own Return on Investment Model- one which allows the benefits/ impacts against costs to be monitored. Ideally this should facilitate the measurement of impacts beyond the company and consider the wider impacts on the economy or society.
 - Invest NI should set targets for the expected Returns on Investment needed from BITP supports, and
 - There needs to be better communication between the Business Advisors and Client Executive regarding the Return on Investment results against targets and any other areas of action.

¹⁸ 95% of respondents would not have proceeded with all of the training and development to the same extent or timescale so overall additionality is high.

10.3.7 VFM

VFM is assessed through measuring Effectiveness, Efficiency and Economy. We now look at each in turn.

10.3.7.1 Effectiveness

Effectiveness is measured through assessing the extent to which any programme delivered on its objectives and targets. In the case of BITP the targets were set on the basis of the number of cases completed. This is not an effective way to measure the performance of any programme. In the absence of measurable objectives, we consider what BITP has achieved.

Information on impacts is scarce and we have limited sources of evidence. The evidence we have is

- 10 PPEs which are incomplete and focus mainly on measuring activities not impacts, therefore providing insufficient data to provide meaningful conclusions on what has been delivered.
- Survey Feedback - which highlights that those companies that were allocated monies from BITP indicated multiple impacts, including more motivated staff (83.6%), improved processes (79.2%), improved customer service (69.3%), more flexible workforce (68.1%), reduced costs (56.8%), increased profit margins (44.4%) and development of new products (37%).

We note however that Invest NI brought in a target for leveraged investment for 2009 and on. This relates to the amount of monies invested by clients in skills and learning as a result of the Invest NI monies. This figure was £65M in 2009/10 against a target of £12M. In 09/10 we actually leveraged planned investment in skills of £65.7m. The outturn was significantly higher because demand from clients was significantly higher as they used the economic downturn to upskill and cross-skill their employees.

Overall we would conclude that BITP has the potential of being effective, but we have insufficient data to confirm that it has been effective. It is delivering in the areas highlighted in policy documents as being key to improving the NI economy, such as improving management skills and expertise and delivering on skills development programmes that are identified as being needed to help improve the competitiveness and productivity of companies. To increase effectiveness, the programme needs to increase additionality (full) by focusing on where there is market failure and to fully monitor impacts both at a company level and the spill over impacts on the economy.

10.3.7.2 Economy and Efficiency

To assess economy and efficiency we have assessed the staff costs against the outputs being delivered. The staff salary costs directly associated with the delivery of BITP can be estimated at £652,116 for 2008/9. The total level of investment made by Invest NI during this period was £13.2m which equates to a management / administration fee of less than 5%. This however **does not** include any administration costs outside of BIS such as Marketing and Claims/ Finance. These costs would need to include a total management/ administration cost for the programme. .

EU programmes usually set a max figure of approximately 10% of the programme cost to be allocated to management and administration and the BITP fee appears to be in line with this, assuming the other costs such as claims etc are not high.

Table 10.3
BITP – Salary Costs 2009 /10

Staff Grades	FTE	% time spent on BITP	Total ¹⁹
Director (Grade 5)	1	40%	£29,054
Grade 7	3	46.6%	£73,623
DP	12.2	92.9%	£465,014
SO	3	31.60%	£29,497
EO2	3	35%	£21,009
AO	4	46.25%	£33,918
Total	-	-	£652,116

Outputs

BIS have dealt with 436 allocations over the 5 year period, approximately 66 to 118 allocations per year. The number of allocations has increased year on year, but the staff resources (for dealing with applications has not). Client satisfaction is high with the service delivered by Business Advisors, but many clients are very negative about the claims support received.

BITP is being delivered efficiently at the application/ approval stage; however it is not being delivered efficiently at the claims stage. We do not have the costs involved in processing the BITP claims, but given that 3 sets of guidance have been developed in the last 2 years and claims can take up to 18 months to process, it is our assessment that this element needs to be reviewed and improved.

10.3.7.3 VFM

VfM is high when there is an optimum balance between efficiency, economy and effectiveness. In BITP we feel there is evidence that the programme is being effective, however this information could be significantly improved upon to give a stronger, clear evidence base than that which exists at present. The evidence for efficiency and economy is strong from BIS support provided given that the team are delivered an increased number of allocations with less resource than in 2005. The evidence for the Claims section is weaker, and it is evident that processes are being re-run giving concern that costs of delivering of this function must be higher than they would normally expect to be.

¹⁹ Based on DETI Ready Reckoner Costs

10.3.8 *Equality Issues*

Based on this information, at present there is insufficient evidence gathered from equality monitoring of programmes to say that there are no adverse impacts on persons in Section 75 categories or upon equality of opportunity or DDA.

However, the Invest NI Programmes and Services which are provided directly by Invest NI are available to all businesses in Northern Ireland and there is no evidence gained from programme screening or consultation through EQIA (which sought the views of over three hundred Section 75 umbrella groups) to suggest that potential participants / applications have been rejected on the basis of anything other than programme specific criteria.

However, the lack of information available on the beneficiaries of the BITP support highlights that there is a need for this information to be collected, and further work to be completed, in this regard. This is work which is underway between the Invest NI Equality Manager (EQM).

10.4 **Recommendations**

10.4.1 *Need for BITP*

We recommend that BITP is continued based on the important contribution it can make to increasing the level of skills in Northern Ireland given the low level of skills base in NI and the link between skills and economic performance. The programme needs to have objectives and KPIs developed, which will ensure that the programme focuses on delivering where it is needed most and ensuring:

- Increased business performance as a result of the Skills Investment (Business Results linked to increased R+D, innovation and Innovation)
- Increased skill levels/ qualifications for those living in NI (Transferable skills)
- Additionality and VFM

Recommendation 1: We recommend that Invest NI continue to invest in companies' skills development where these are linked to the growth of client companies particularly those focused on investing in R+D, Innovation and Exporting.

Recommendation 2: We recommend that Invest NI set clear Objectives and Targets for the programme based on the strategic context and rationale for the programme set out in section 2.

10.4.2 *Additionality*

The BITP team have made significant progress in increasing the additionality results since the last evaluation in 2005 with 95% of respondent's full and partial additionality. However the indications are from the survey that there is more opportunity to further improve the additionality results by rigorously analysing and challenging applicants over all the elements of their training and development supports. The indications are that approximately 35% of respondents would have gone ahead with part of the training and development even if BITP support had not been available.

In our review of benchmark schemes, we found that Wales have recently introduced a Skills Growth Programme and Scotland has confirmed its existing scheme through to 2013. The

focus is on providing support with the training costs involved. Scotland also provides additional government assistance to training that will deliverable transferable skills, and this is a specific area Invest NI should consider at economic appraisal stage in any future programme. .

Recommendation 3: We recommend that Business Advisors are provided with training to further challenge and assess the content of client skills plans.

Recommendation 4: We recommend that Invest NI continue to rigorously analyse and challenge the training and development costs applied for by companies to further increase additionality.

10.4.3 *Development and Implementation of BITP Monitoring System*

There is a need for an integrated Management Information system within Invest NI which records not only the amount and type of supports provided to each client company but also measures the business results achieved as a result. This will allow the assessment of the total support provided to any client at any point in time. It should also allow an assessment of the extent to which BITP supports are going into alongside other supports such as R+D, Exporting and Innovation and what total impacts are being achieved.

On BITP, there is a need to have information completed for each project setting out the projected quantitative and qualitative targets for each project and the impacts achieved against each. The information needs to be sufficient to allow Return on Investment calculations (whatever model is developed by INI) to be completed.

Invest NI Business Advisors will need to be trained in the new systems and their performance should be monitored on completing these processes to the quality standards and timetable targets required.

Recommendation 5: We recommend that Invest NI develop its system to ensure it can provide all the necessary information to support the management of the programme, namely offer information, monitoring and evaluation information against targets.

Recommendation 6: We recommend that InvestNI develops and implements a robust methodology to establish RoI metrics for skills investment, against which the programme needs to be monitored. It is fully appreciated that there are difficulties with developing robust calculations for RoI calculations based on skills. Invest NI and DEL are already working to develop a robust RoI methodology, suitable for evaluation and should create a timeline to identify when the methodology will be in place.

Recommendation 7: We recommend that Invest NI Business Advisors are trained in the new systems, that they are set targets for completion and that they are assessed on the completions.

10.4.4 *Need to link BITP and HRM best practice support*

Research has shown that Training and Development support can be wasted if the company is not only implementing other best practice HRM processes (Performance Management; Talent Management; 360 Feedback; Personal Development Planning and Career Planning) to ensure that resource skills are being utilised to max effect.

We do not have evidence that sufficient checks are being made to ensure that all these HRM processes are in place with client companies.

Recommendation 8: We recommend that a check is completed to ensure that client companies have HRM best practice systems in place to ensure they are able to make best use of their resources. As part of the BITP process at project level, BIS should ensure that any BITP offer is used to implement an effective HR Management System where one does not already exist.

10.4.5 *Need to Link with DEL Supports*

It is recognised that Invest NI and DEL are working together on the Assured Skills programme and this approach is welcomed. Both organisations bring specific skills and experience and these are needed to ensure that clients at different stages in their growth get the support they need. At present the majority of the contact between DEL and Invest NI has been at a senior level. We recognise that a session is planned for Business Advisors to meet DEL staff and we encourage further contact. We recognise the different approaches and materials that each have developed and feel that sharing of these could be beneficial to each others provision.

Recommendation 9: We recommend that DEL and Invest NI continue to work together and take this opportunity to explore how they can share their expertise, materials, programmes etc for max impact with client companies.

10.4.6 *Need to meet Invest NI Application and Claims Process Targets*

We have reviewed Invest NI performance against its own Application Processing targets and found that 1. Business Advisors are not keeping the information system up to date therefore making it difficult to assess performance against target and 2 based on INI's own manual information the application processing targets are not being met .

We recommend that Invest NI seeks to ensure that the BAs are completing the process appropriately and that their performance is measured. In addition there is a need to take action to review the processes involved in assessing applications in order to reduce the time being taken by INI. We understand that the BAs and CEs need to work closely with the client to access all the necessary information. The processes involved needs to be reviewed and streamlined to ensure processing targets are met.

In addition we feel that Invest NI should be seeking to demonstrate on-going improvement in delivery of these application processing times in order to deliver on-going performance improvement within the Agency. The processing targets therefore need to reduce annually, at least for the next few years. This will encourage BAs to develop ideas as to how to improve and innovate their own processes. For example at the BA focus group they highlighted the opportunity to have Client Executives send through client accounts along with the RDS when requesting BITP support, in order to minimise any delays in the process down the line.

Invest NI is currently not meeting its own targets on claims processing. It is essential that these targets are met and staff need to be monitored on these.

Recommendation 10: Invest NI needs to ensure that BA staff are completing the application review process appropriately and that they are being measured on their

performance. Invest NI needs to meet its own Application and Claims processing targets and urgent action is needed to review the internal processes to ensure that these can happen. Invest NI should seek to deliver on-going performance improvement through reducing the time taken to process applications and claims year on year.

10.4.7 Need to Market Support to SMEs

Invest NI has not increased the number of SMEs receiving BITP despite it being a specific recommendation from the last evaluation of the programme in 2005.

There is a need for a targeted marketing campaign to attract growth orientated SMEs onto the programme. The programme will also need to have an application process/ form which is appropriate for small firms. Also these clients may need support from the HR advisors or Business Advisors within Invest NI to ensure they:

- Can identify their priority training and development needs linked to business growth plans; and
- Have other best practice HRM processes in place which are essential to ensuring they are making the best use of the resources within the company (the most important process being performance management).

Recommendation 11: Invest NI need to work closely with the Regional Offices and HQ Teams to assess how many small or micro clients could benefit from investment in training and development.

Recommendation 12: A Small Firm focused programme/ approach needs to be developed and marketed. It needs to ensure that it has a practical and appropriate level of scrutiny built into it for the level of investment required. Invest NI should investigate a Voucher Scheme²⁰ for this level of companies as an option which will keep the bureaucracy involved to a min for the company, whilst ensuring that only appropriate training from approved providers can be utilised. *Note: This will need to be examined as part of TRANSFORM process which is looking to reduce the number of INI Schemes and therefore it may be a matter of setting targets and having an increased focus on small firms. BIS has a range of programmes other than BITP to support businesses. These include Interim Manager and Northstar which support the introduction of external expertise into client companies and develop the skills of the existing workforce. The HR Advisers and Productivity Improvement Team within BIS provide hands-on expertise to SMEs which is impartial and free.*

10.4.8 Role Models

Research has highlighted the need to generate a demand from companies for training and development and other best practice HRM supports. As companies learn best from other companies, it is essential that Invest NI use case studies and role models to set out the benefits of training and best practice HRM systems. We recognise that it can be difficult to

²⁰ The Voucher would detail the amount of training/ development support per employee in the client company. It would also specify the content of the training. It would be used only with approved providers. The providers would redeem the voucher with Invest NI, therefore keeping the admin burden for the company to a min.

get coverage of these type of supports as they often do not have the excitement associated with developing new products or entering new markets etc- however there should be opportunities for Invest NI to market how training and development has contributed to these results and in doing so get the message of the importance of skills development across. As with other elements of BITP, Invest NI will need to set targets for this work. These targets should establish the beneficiaries and how success will be measured.

Recommendation 13: We recommend that Invest NI increase the number of small growth firms who are encouraged to invest in training and development and with this other best practice HRM systems.

Appendices

APPENDIX 1: SURVEY RESULTS – SUCCESSFUL APPLICANTS

APPENDIX 2: SURVEY RESULTS – UNSUCCESSFUL APPLICANTS

APPENDIX 3: ERDF CRITERIA AND DEVELOPMENT PATH ANALYSIS

APPENDIX 4: BITP CASEWORK AND LETTER OF OFFER TEMPLATE

APPENDIX 5: RETURN ON INVESTMENT CALCULATOR

APPENDIX 6: ANNUAL PROJECT MONITORING FORM

APPENDIX 7: PPE TEMPLATE

APPENDIX 8: GVA CALCULATION METHODS

APPENDIX 9: KEY ISSUES REFERENCE CALCULATING ROI FIGURES